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EDITORIAL

As We See It

For a number of months last year and earlier this year the "outs" in national politics nursed strong hopes that worsening state of business would hand them a winning issue on a silver platter this fall. The prospect of such a development has been growing dimmer of late, and it is becoming a battle tactic for the "ins" to "point with pride" to the success they have had (at least according to their own claims) in limiting or ending the recession that set in last year. Thus it would appear that the battle cry of the Democrats in several elections in recent decades to the effect that "we never had it so good," or that it would be the part of wisdom to let well-enough alone has now been adopted by their opponents.

Prosperity, or lack of it, has always been an important matter for the politicians seeking office, but this whole question of what the economist would call control of the business cycle and what is more popularly thought of as the prevention of unemployment has since the "great depression" of the 'Thirties come very nearly to being the "paramount issue" of politics in this country. The fact that a severe if rather short-lived depression followed very shortly after World War I, and a world shaking collapse came a decade later as a result (so most observers are convinced) of World War I and its aftermath created a state of almost morbid fear in the minds of the American people when World War II came to an end. The prediction was almost unanimously supported that a severe postwar slump was all but inevitable—at least if heroic steps were not taken to prevent it.

In the event, of course, the prophets were

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Million Color TV Sets by 1959

By FRANK M. FOLSOM*
President, Radio Corporation of America

RCA executive, predicting American families will spend $2 billion for color television sets by end of 1957, says prospects are good for 10 million sets in use by 1959. Sees need of paralleling progress in TV manufacturing and in broadcasting, since they must move together. Calls for good color TV programs as major force in broadcasting progress. Reveals present situation in color television.

Trade is a magic word to me. Therefore, when you so cordially invited me to speak at this September meeting of the New York Board of Trade, I was happy to accept. Only one question remained—what would be an appropriate text? Now, since I am a trader in electronics, it occurred to me that since New York has always been the world center of communications and entertainment, you might like to hear a little about what is new in television and especially the fascinating field of color, which is adding not only a new dimension to broadcast entertainment but to journalism, trade, commerce and industry.

Frank M. Folsom

Today, there are 415 television stations on the air in the United States. Thirty-one million TV receiving sets serve a vast audience, the buying habits of which stimulate sales on a broad front from sapphires to soap, from victuals to Victrolas, from Cadillacs to candy. And television appealing to the eye as well as the ear multiples those habits beyond the power inherent in any other advertising medium. New and un-

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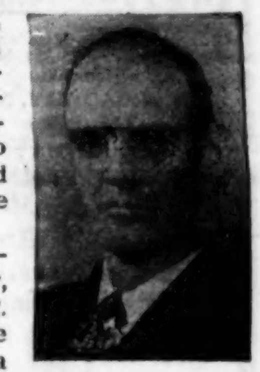
*An address by Mr. Folsom at the New York Board of Trade Luncheon, New York City, Sept. 14, 1954.

Corporate Securities in the Pension Trust Picture

By ROGER F. MURRAY*
Vice-President, Bankers Trust Company, New York

After discussing the broad economic considerations in erecting an elaborate system of industrial pension programs, New York banker finds corporate securities as a favorable media for investment by pension funds. Takes up the question of concentrated buying of "blue chips" by pension funds, which may result in low yields. Points out the logical assumption is that sober stock investing on a yield basis will ultimately change the character of the stock market to one of reduced volatility and greater freedom from speculative impulses. Denies pension funds are prime movers in causing the bull market to reach down into lower grade equities, and concludes sound corporate securities are appropriate for pension trusts on basis of prudent investment.

It is very interesting to explore the economic consequences of erecting an elaborate system of industrial pension programs. There are many stimulating questions relating to who bears the real cost, both current and prospective. Apart from the allocation of real resources (i.e., the distribution of actual goods and services), there are other questions as to how the money cost will be met and how the pertinent claims will be settled.



Roger F. Murray

These interesting areas of investigation and study are not, however, a part of the agenda for this meeting. They are entitled to a place in the discussion only as they may have a bearing on kinds of securities most appropriate for the investment of retirement funds. This particular aspect of the subject is both pertinent and important in any appraisal of the

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*An address by Mr. Murray before the American Statistical Association, Montreal, Can., Sept. 11, 1954.

CANADIAN ISSUE ON SEPT. 30—There's still time to make advertising space reservations in the CANADIAN SECURITIES ISSUE which will be published on Sept. 30. For details as to the content of this unique issue turn to page 6.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Central Hudson Gas & Electric Corp.—Robert S. Gordon; Ralph E. Samuel & Co., New York City. (Page 2)

Procter & Gamble Company — August Huber; Spencer Trask & Co., New York City. (Page 2)

ROBERT S. GORDON
Ralph E. Samuel & Co., New York City
Members New York Stock Exchange

Central Hudson Gas & Electric

Despite their reputation as steady income producers, a few selected utilities represent most-promising long-term growth prospects. Such situations usually develop when a radical change occurs in the area served by the utility. When the change is drastic enough, the result is a Florida Power and Light.


Robert S. Gordon

Over recent years, one of the most dynamic forces in the development of industrially backward areas has been the advent of the parkway. The industrial aftermaths of such highway building programs are readily apparent in such areas as Long Island and Westchester County.

Another company for which this same growth pattern is apparent is Central Hudson Gas and Electric. The still-incomplete New York to Albany Thruway will run directly through the Western part of the company's service area. The result is likely to be a new look for the sleepy old section. Fifteen small industries have already settled around Newburgh alone, with fast cheap transportation opening up markets both to the North and South. The new Kingston-Rhinebeck Bridge should accelerate this growth.

Further development of the area is likely to result from IBM's new plant at Kingston. Eventually, this plant will probably employ around 5,000 people. IBM's neighboring Poughkeepsie plant is even now spurring a residential building boom a dozen years after the plant's original establishment; and IBM's new research laboratory at Poughkeepsie means still further business for Central Hudson.

In fact, Central Hudson is in a perfect position to benefit from all of these factors. Every new home and every new plant means a new customer for the company. Central Hudson's management is projecting revenue growth on a 7% annual basis, but even this figure may prove to be conservative.

Nature of Business

Central Hudson supplies electricity and gas to an extensive area in the Hudson River Valley. The territory, which encompasses the cities of Poughkeepsie, Beacon, Newburgh and Kingston, covers an area of about 2,500 square miles and extends from 10 miles south of Albany to 40 miles north of New York.

Last year, electric sales accounted for 83% of total revenues, while gas sales accounted for the other 17%. Of the electric revenues, residential sales totaled 43% of billings, commercial 19%, industrial 23%, and the remainder miscellaneous. This preponderance of residential and commercial business has always made the company highly recession resistant. In fact, with IBM the most important single industry in Central Hudson's territory, the company was practically untouched by the recent business setback.

For many years, the company purchased almost its entire power requirements. Last year, largely as a result of the company's efficient new Danskammer No. 1 steam generator, the company produced 75% of its power needs; and in 1955, when Central Hudson will have its Danskammer No. 2 unit available for the entire year, the company expects to produce 98% of its requirements.

The company's gas business operated in the red for many years. However, with the advent of natural gas, Central Hudson was able to turn this operation into a profitable one, and now earns about 4% on this business. Currently, there are certain clouds over this natural gas operation due to unsettled rate cases pending before the Federal Power Commission. The cases concern requests for rate increases by the Columbia Gas subsidiaries which supply Central Hudson with gas. However, regardless of the outcome of these cases, the long-term outlook for this business remains good. The company presently supplies only 18% of the home heating market in its territory. Over a period of time, natural gas is likely to capture close to 30% of this market.

Capital Requirements and Earnings Potential

Last year, Central Hudson consummated two pieces of financing: (1) the company sold 159,978 shares of common stock at $11.25 a share; (2) the company also sold $6,000,000 worth of 3% Convertible Debentures, due 1963. At the end of the year, Central Hudson's capital structure was represented by common stock 31%, preferred stock 17% and debt 52%. Since that time, $4 million of the company's $6 million convertible debenture issue has been converted, and another million of conversions during the remainder of 1954 appears likely. When the issue has been completely converted, the common equity will be raised to 39%.

This thick common stock equity assumes particular importance in terms of projected capital needs over the next couple of years. The company estimates its requirements in excess of $20 million. Of this amount, approximately $14 million must be derived from new money markets. The company tentatively projects this in terms of $10 million in mortgage bonds and $4 million in non-convertible preferred. In addition, the company will probably refund its $5.25 preferred on more favorable terms.

The effect of this financing on common stock earning is likely to be highly favorable. Despite the common stock financing in 1953, Central Hudson's earnings for the year ending June 30, 1954 were 97c a share vs. 91c on the smaller number of shares outstanding in the prior year. And despite the unfavorable economic conditions current during the past year, Central Hudson raised its revenues by 7.5% from $20.8 million to $22.4 million. Because of the conversion of debentures, per-share earnings for calendar 1954 are not likely to remain at this level. However, it is the expectation of management that even if $5 million of the $6 million issue are converted, per-share net will exceed the 90c a share earned last year.

Thus, when benefits from the company's projected financing begin to accrue, per-share earnings will build up from current levels. If Central Hudson is able to employ its new capital with the same efficiency as the old, the per-share earnings potential would appear to be well above the present one. This would not seem to be unduly optimistic, since efficiency should actually improve as new facilities come into operation. Such earnings also imply a dividend payout substantialy higher than the present 70c rate, since management normally distributes about 80% of earnings. On the other hand, the downside risk appears to be nominal, with earnings and dividends at present levels.

Central Hudson Gas & Electric common stock is listed on the New York Stock Exchange and is currently selling at 15¼.

AUGUST HUBER
Spencer Trask & Co., New York City
Members New York Stock Exchange and the American Stock Exchange

Procter & Gamble

A top-quality investment, Procter & Gamble represents an issue which should be attractive to many accounts, particularly should it react to around the 80-83 range. While at the current price of about 89, the yield on probable 1954 payments of $3.45 is only 3.9%, the shares appear to be advantageously situated for the following reasons:


August Huber

(1) During the past few years the company has pursued an active program of new product development, introduction, and promotion. This costly program was intensified while the Excess Profits Tax was in force.

(2) Similarly, the new plant and equipment program was accelerated and capital expansion should be now substantially completed.

(3) Earnings for the fiscal year ended June 30, 1954 were $5.42 per share, against $4.35 a year earlier. With the new-product program and added plant facilities (and the Excess Profits Tax out of the way) the company should be in a favorable position to "cash-in" on the policies effected during the past few years.

(4) Present indications are that earnings during the next fiscal year could increase to around the $7.00 per share level.

(5) The expectation of a stock dividend being declared in the current fiscal year (possibly 25% or so) may also be entertained, and the cash dividend rate currently being paid should continue unchanged with the additional shares, after the possible stock dividend.

(6) Considering the underlying growth of the company, the basic quality of the shares, and the prospective developments, I consider the stock attractive for investment accounts. The shares have often sold at 15 times earnings—which, if repeated on $7.00-$8.00 earnings power—offer an encouraging appreciation potential.

The stock is listed on the New York Stock Exchange.

Impact of Industrial Atomic Power On Existing Natural Resources

By LAWRENCE R. HAFSTAD*
Director, Division of Reactor Development
U. S. Atomic Energy Commission

Atomic expert of U. S. Atomic Energy Commission clears up some misconceptions about the practical use of atomic power. Points out main problem involved is that of relative cost. Says there is no question regarding use of atomic power to produce electricity, and reveals construction of experimental reactor plants under joint government and private auspices. Stresses first atomic electric plants will be costly and uneconomical, but holds they can contribute to national security.

It is in the tradition of science first to **observe**, then to **understand**, and finally, to **utilize** the forces of nature. For over half a century scientists from all over the world have been observing and studying the forces within the atom and dreaming of the time when these forces might be utilized in the interests of mankind. During the 1930s, the curve of this scientific activity began to soar upward.

Lawrence R. Hafstad

In the last decade there has been a tremendous upsurge of interest in atomic energy, on the part of the general public, started by the dramatic introduction of this new force during the war for atomic bomb explosions, and, increased more recently, in connection with the realization of the imminence of the possible use of the same force for peaceful purposes.

It is important that, as long-range planners, we keep a broad perspective in this matter. For this reason, I wish to emphasize that work has been going on in this field for several decades in a number of countries and that the ground swell of interest we are now witnessing is international. A surge of interest in connection with military utilization has been capitalized upon in the national interest to support atomic weapons programs which give a temporary military advantage to individual nations.

Interest in atomic energy stems from the fact that in uranium we have what promises to be both a compact and a cheap source of energy. It is certainly compact. One pound of uranium, about a cubic inch, contains as much energy as several trainloads of coal, more precisely 1,500 tons of coal. That this energy promises to be cheap, we can see by calculating the cost of the 1,500 tons of coal. At $8 a ton, this would be in the neighborhood of $10,000, whereas the cost of one pound of uranium is more like $20. When one stops to realize the endless hours of engineering effort which have gone into improving the various commonplace energy-using machines by a few percent in efficiency to reduce costs by a corresponding few percent, one can realize tne challenge felt by engineers when presented with an opportunity of decreasing costs, not by a few percent, but by a factor of 500. This is the challenging technical problem that we face.

Misconceptions on Atomic Power

Before trying to describe for you the present status of our progress in this exciting field, I feel that it is necessary to clear away some of the misconceptions that have arisen in connection with the possible use of atomic energy for peaceful purposes. It is the very existence of this theoretical factor of 500 in the potential reduction of energy cost that has led to so much wild speculation and undue optimism. These speculations are based on calculations of energy content in the material only, and take no account of the costs of getting the energy out of the material and into a usable form.

So far as practical use is concerned, the calculations I have just given you are as significant as, but no more significant than, the calculations involving the amount of the energy available, for example, in the tides of the ocean. The energy is there; no one questions that. The problem is to get the energy out and into a usable form at a cost which makes the energy, **in this final usable form**, no higher than that available from other competitive sources. In spite of the availability of the vast "free" energy of the tides, we do not draw upon this source.

In the field of atomic energy, the scientists have done their joo and done it well. The magic and the mystery have been eliminated by the discoveries of the scientists, and the nuclear reactions involved are now adequately understood. Now the problem is for engineers to provide mechanisms necessary for its utilization and for management to make the decisions connected with the economic problems involved.

By an historical accident, the possibility of utilizing this new energy source was developed during a period of international stress. As a result, the work accomplished in this field in our country has been done under government monopoly. In this situation, it has been necessary for the Atomic Energy Commission, in charge of the monopoly, to make

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*An address by Mr. Hafstad before the Missouri Basin Inter-Agency Committee, Rapid City, N. Dak.

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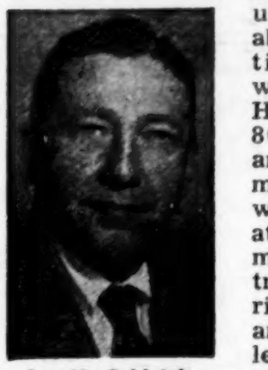
Harnessing Speculative Dollars

By IRA U. COBLEIGH
Enterprise Economist

Trotting out some interesting facts about a field of sport, and of investment, which is steadily gaining in size, gross revenues and profits—the harness tracks. Also—a few current notes about specific companies whose shares are publicly available.

Justin Morgan was born in 1792 and died in 1821. If you don't happen to recall the name as a banker, author, statesman, or soldier, it's quite understandable—for Justin Morgan was a horse! He weighed 800 pounds and was famous for the way he created forward motion. He trotted. His right front and left rear legs moved in unison. Not only was he pretty good at that gait himself, but he was able to transmit this pretty and cadent style of locomotion to his posterity. Another famous horse called "Messenger" was brought over from England in 1788. This thoroughbred stallion died in 1808 but not before completing a successful career as a trotter in his own right, and siring an extensive progeny notable for speed, stamina and a considerable poetry of racing motion.



Ira U. Cobleigh

Then came Hambletonian, a bay stallion 15½ hands high (a hand is 4 inches, if you're not of the horsy set) who really set the posterity style for trotters—heavy head, short neck, plenty of powerfully moulded muscle aft, and heavy boned legs. Curiously enough he never raced in a major event, but contented himself with being daddy (and grand daddy) to some of the most famous trotters in the world. He gave name to what has become the Kentucky Derby of trotting — the Hambletonian — which elegant equestrian event, now occurs each August at Goshen, New York, with a purse of over $100,000.

Birth of the Sulky

Apart from breed, which, of course, is important, other developments worked for speed and attraction in trotting races. At first trotting races were saddle events. Then toward the middle of the 19th Century wagons, drays and sulkies came into vogue. Some of these were pretty big and heavy, and they kept these lithe quadrupeds from really hitting their best speeds. So when in 1892, in the heart of the bicycle fad, somebody thought of running a sulky on bicycle wheels, the high wheeled trotting rig joined the multiple pettycoat and the bustle in the limbo of history; and these peppy trotters who had done a mile in a paltry 2:10 or 2:20, now made the two minute mile first a possibility, and then a reality.

Trotting started out as the cushy pastime of the landed gentry and most early races were at county and state fairs where they became a traditional and often the most popular feature. Trotting languished during the early decades of this century, probably because of the competition of motor car races; but it came back into vogue after the Great Depression, and in 1938 a senior and official body, The United States Trotting Association, was formed. Its board of directors (numbering 37) today constitute the ruling body in harness racing.

Vast New Industry

This almost brings us up to date. The wide prosperity generated by maximized employment during the war, the expanding leisure time of more and more people, and the introduction (1940) of night trotting races set the stage for the growth of a vast new industry. According to "Trotting and Racing Guide" (1954 Edition) there are now 503 trotting tracks (39 of them pari-mutuel equipped); 13,194 horses started in 1953 (up from 5,000 in 1944), purses were $18,832,740 ($2.6 million in 1944). Ten million people attended trotting tracks in 1953 creating a pari-mutuel handle of $443,637,912 of which the states' share was $25.8 million.

This latter figure is particularly significant. As almost every one knows, there has been occasional criticism of horse racing, and its attendant gambling, for decades, if not centuries. The best answers to the age old charges that such gambling is iniquitous are (1) That people will do it anyway so why not legitimize it, and (2) The state can gain important and vital revenues, from a percentage of the betting handle. This last argument has proved especially cogent. In Massachusetts the dog tracks have proven a golden boon to the Old Age Assistance Fund, and trotting track betting revenues offer even larger horizons for contribution to the common weal. The trotting tracks are here to stay—by popular, and political acclaim—so let's see what they offer to the speculative fraternity.

Investment Opportunities

We ought to start in New York State, leading sponsor of the trotters. In 1953 New York totalizator total for trotting was $272,375,000 of which the state's share was $17.7 million which, even though we're discussing horses, ain't hay! Well, what about trotting tracks in New York? Can you buy shares in 'em? Of course.

First there's **Yonkers Raceway Inc.**, a consolidation, as of July 28, 1954, of Algam and Yonkers Trotting Association. Capitalization here is reported at 646,000 shares of non-voting stock and 50,000 shares of voting. It's a bit difficult to predict earnings on this new corporate status but the old Algam shares, exchanged share for share into the new company (under a directive of the Moreland Act Commission) are reported to have paid $1 a share this year plus 4% in stock. $100 million was bet last year at the Yonkers track. Shares of Yonkers Raceway Inc. are currently quoted at around 15¼.

A second enterprise, which also gained some publicity in the past year due to the fact that, by some coincidence, important political personages happened to be shareholders, is **Old Country Trotting Association, Inc.**, owner of 250 acres at Westbury, Long Island, better known as Roosevelt Raceway. A pioneer in night trotting races, this organization runs 72 night trotting sessions and leases its facilities out to Nassau Trotting Association for another 36 evenings. As a result it showed for 1953 gross income of $8,855,557 and net of $1,121,384 or $2.69 per share on the 510,512 capital shares outstanding — sole capitalization. Dividends of $1.50 per share have been paid for the past six years plus 5% in stock per annum. Earned surplus at the 1953 year-end stood at $4,357,821. Total handle for 1953 was $75 million. Old Country common is currently quoted around 32.

Related to this company, by virtue of property lease aforementioned, is **Nassau Trotting Association Inc.** with 220,000 common shares selling currently around 12. It paid $2 in 1953 which created a most generous yield.

Another representative issue in trotting is **Hazel Park Racing Association Inc.**, operating a 140-acre plant 10 miles outside of Detroit, and about as far from Windsor, Ontario. A feature here is its use of the track for both flat and trotting races; and the fact that every scheduled race runs—rain or shine.

This 10,000 grandstand capacity track had 693,837 patrons last year and racked up a pari-mutuel handle from trotting of over $10 million. Capitalization is 1,374,970 common shares, quoted around 4¼ with a 25c dividend paid for the last two years. This track has increased net after taxes from $132,229 in 1949 to over $361,000 for 1952. A well situated racing plant like this shows a most interesting growth factor, not generally appreciated by stock speculators.

Last April there was offered for subscription by prospectus dated April 3, 1954, $2,500,000 6% Subordinated Convertible Debentures of **Magnolia Park Inc.** Each $1,000 face amount debenture was con-

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

The shortened work-week resulting from the Labor Day holiday in the seven-day period ended on Wednesday of last week lowered total industrial production for the nation as a whole.

Conflicting reports of planned industrial output continue to cause uncertainty over the time of the predicted Fall upturn.

New claims for unemployment insurance compensation in 12 key states turned upward in the week ended Sept. 4 for the first time since mid-July. They increased to 184,702, nearly 17,000 more than in the preceding week. Many state employment officials blamed the rise on the "pre-Labor Day holiday lull." That is the period when Summer workers are laid off and before "big hiring" for Fall actiivties.

In the prior week, that is the period ended Aug. 28, according to the United States Department of Labor, initial claims declined 2% from the preceding week, while continued claims in the week ended Aug. 21 decreased by the same amount.

The United States Department of Commerce has just released data, however, indicating that in mid-August total unemployment was almost three times as great as a year ago, while the number employed was slightly less than at that time last year. Cities having a very substantial labor surplus were Lawrence, Mass., Providence, R. I., Kenosha, Wis., and Altoona, Johnstown, Scranton and Wilkes-Barre—Hazelton, Pa. Coal, steel and textiles were the industries of greatest unemployment.

Business outlays for new plant and equipment in 1954 will drop to $26,700,000,000, off 6% from last year's record $28,400,000,000. This conclusion was drawn by the Securities and Exchange Commission and the Commerce Department from their latest survey of corporate spending plans.

The most marked decline, the report stated, is indicated in capital expenditures by railroads. They are expected to fall 35% below 1953. Manufacturing firms plan to spend $11,300,000,000 or 8% less than last year. Capital outlays in the third quarter are running at $26,800,000,000 yearly, the joint report estimated, and will ease to a $26,000,000,000 rate in the final three months. The indicated fourth quarter pace is $1,500,000,000 below the first quarter level.

Model changeovers, field stock adjustments and the shortened Labor Day work period forced Sept. 7-11 United States vehicle production to a 41-week low.

"Ward's Automotive Reports" said that last week's estimated 82,477 cars and trucks represented the smallest weekly count since the work period ending Nov. 28, 1953, when 69,224 vehicles were built.

A week ago 108,854 cars and trucks were manufactured in the normal five-day period. Only one producer—Ford Division with one plant scheduled for Saturday—operated more than four days. Chrysler Corp. and Pontiac were down for factory alterations, Chevrolet tapering off for changeover this week and Kaiser-Willys facilities still down for inventory curtailments.

The Sept. 7-11 daily car output was only 7% below the pace of a week ago, while daily rate of truck erecting increased almost 4% due mostly to Dodge's return from a one-week inventory break. Nevertheless, the short work week found vehicle construction more than 24% below the Aug. 30-Sept. 4 level.

This week some United States plant will turn out the 4,000,000th car of 1954. To date in 1954, approximately 3,959,700 passenger cars have been built, compared to 4,552,775 a year ago. The count is almost 13% under the 1953 pace, while truck manufacture trails by 16.8%.

Canadian vehicle manufacture, this authority states, was also lagging behind the record 1953 level. To date in 1954 an estimated 287,298 cars and trucks have been completed, against 365,583 in the corresponding 1953 term.

The past week's Canadian construction hit an approximate 1,700 cars and 379 trucks, compared to 2,141 a week earlier. Ford Motor Co. was the only active car producer, while Ford, International and White were accounting for all truck erecting last week.

Steel Output Scheduled to Rise This Week to 66.3% of Capacity

New life in the steel business is hinted by the scrap market, says "Steel," the weekly magazine of metalworking the current week. After holding at $29 for three consecutive weeks, "Steel's" composite on steelmaking grades advanced to $29.75 a gross ton.

Half of all raw materials going into new steel is scrap, so what happens in the scrap market is important, it notes.

Scrap prices on the East Coast are moving upward, but for a different reason. There the export demand is a buoyant factor.

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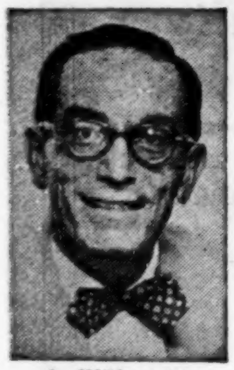
Observations . . .

By A. WILFRED MAY

Broad Implications of a Stockholder Brawl

(A prior article on the Montgomery Ward situation appeared in this space Sept. 2.)

Even in the face of the past week's flood of publicity on the past and present doings of the insurgent Mr. Wolfson, and the publication of the company's six-months report again revealing drastic operating deterioration in a context of sensational balance sheet liquidity; the most important aspects of the Montgomery Ward embroglio consist of their implications on some of the broadest questions of corporate finance and investment.



A. Wilfred May

Primarily this war which is scheduled to be waged on a nationwide scale over the next seven months (and which may last another two years thereafter) highlights the present-day possibilities of meeting the crucial problem of individual stockholder impotence stemming from our corporate system whereunder the scattered ownership is separated from control.

Mr. Wolfson's effort to organize anti-Avery the company's stockholders, including the 52,000 in the less-than-100 share category, is going into high gear of activity. The so-called Wolfson-Montgomery Ward Stockholders Committee under the master-minding of his general staff (consisting of Alexander Rittmaster, Investment Counsellor; William Shea, Attorney of Manning Harnisch Hollinger & Shea; and David Charnay, of Allied Public Relations Associates, Inc.) is already installed in a fully-equipped 4-room office suite in New York City's Hotel Biltmore. There a five-man full-time personnel is handling a torrent of mail in a volume ranging from 300 letters daily at the time of the "declaration of war" to a present average of 75. Among the week's grass roots correspondence is a missive from a Southern shareholder offering Mr. Wolfson his 100 shares —with certificate number specified—at "the very special price" of 100 (the concurrent price on the Exchange, 73).

"Corporate Democracy" On the March

When and if this public stockholder defense squad acquires the full list of shareholders, it will inundate them with literature (subject to SEC approval), explaining Mr. Wolfson's management philosophy and aims. He himself will further "corporate democracy" by a campaign tour of the main stockholding centers throughout the nation, with the discussion set on the whistle-stop level.

Two criticisms have been leveled against Mr. Wolfson which seem to rest on logic and substance. It is held that one seeking management control should be an individual with experience, rather than a novice, in the retailing business. The other allegation of his ineligibility is based on his new-ness as a stockholder, holding that it is properly up to some long-term stockholder rather than an "opportunistic" Johnny-come-lately to complain of mismanagement.

On the other hand, and although conceding the soundness of these arguments, the realistic fact remains that in line with the present status of our corporate democracy, throughout the years, no decisive affirmative action to galvanize the anti-management dissatisfaction has been taken by anyone else, or appeared in any other form.

Whether one is "pro" or "con" Mr. Wolfson, one must concede that he has rendered a constructive service to Ward's stockholders in at least focusing attention on their interests; and in giving disgruntled shareholders a concrete alternative to the "if you don't like sell your stock" way out.

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An Outline Appraisal of The Financial Outlook

By MILLER H. PONTIUS
Senior Vice-President
F. Eberstadt & Co., Inc., New York City

Market analyst, after presenting usual historical symptoms of a transition from boom to depression, says Eisenhower Administration has already supplied sound antidotes against these trends. Lists factors in current domestic and foreign policies which point to improved economic conditions and which should sustain a fairly good business for some time.

One year ago the writer summarized the Bearish and the Bullish items as they appeared at that time. It seemed that the financial situation was Bullish on balance — in view of the traditional time element (about a decade of prosperity following the end of a major war) —and the then apparent maneuvers of the Federal Reserve Board in the direction of easy money—plus the important prospect of Confidence, engendered by the sound governmental policies which President Eisenhower and his Team had enunciated and had begun to implement.

Miller H. Pontius

Since then it has been convincing to this writer that the Eisenhower Administration has been highly successful to date—in coping with the Economic and International Political Problems of a World Wide transition period into a Peacetime Economy. The usual historical symptoms of such transition periods — in a broad way — include the following — which are now in evidence:

Excess of Production in Agriculture and a generally declining commodity price level—over the World.

Excess Plant Capacity in America — with increasing industrial competition.

President Eisenhower and his Administration have supplied a number of sound antidotes against these trends.

Domestic Policy

(1) Easy money—through the Federal Reserve System — thus preventing involuntary liquidation on a large scale.

(2) The begining of Tax Reduction.

(3) Reduction of Governmental Spending and a thorough scrutiny of "Give Away Money"—some of which still continues necessary in a Postwar Period.

(4) Policies leading toward the stimulation of Private Enterprise in the American Tradition — as against the Roosevelt-Truman attitude of Statism and Governmental Controls.

(5) Formulation of a Non-Punitive attitude towards legitimate Business Activities—a relief from the years of Democratic Party controls.

(6) Maintenance of a Fair Attitude toward Labor and Management—putting Government in the position of an impartial Umpire—with the objective of justice to all.

(7) Support of Farm Prices on a sliding scale — helping the Farmer through the adjustment period out of a War Economy—but reducing the inevitable and ultimately ruinous inflationary results of fixed supports at War-time Prices.

(8) The Administration has done a most effective job in cleaning up the Subversives and Communists who had burrowed into Government offices for years.

Foreign Policy

(1) The Leadership of President Eisenhower got us out of the stalemate of the Korean War.

(2) The Administration has kept the United States out of other possible Wars in distant parts of the world — which were remote from primary American interests on land—although it seems wise to continue to indicate to all and sundry that U. S. runs the Pacific Ocean.

(3) President Eisenhower announced to the World that the United States wanted to be a cooperative partner in international affairs. This was High Diplomacy at its best. A large part of the world had become much disturbed by some of the pronouncements from Important Offices in Washington, that indicated the United States was going to Lead the World (by the scruff of the neck if necessary) into a better life, modelled along American Cultural Lines.

(4) Mr. Harold Stassen has made very constructive moves and negotiations — in the face of some opposition—looking toward the development of U. S. World Trade — and resulting beneficial trade, in general.

Te net result has been the creation of a new confidence among the American People — not in existence for many years past.

The security markets have reflected that confidence—and have responded to an easy money supply. Bond and Stock Prices have risen in the face of some adjustment in industrial activity — which could scarcely have continued permanently at the levels of recent years under any conditions — and certainly not after some 14 years of a great war boom.

There are no signs at present in the money market — or the reception of new issue financing —or in any frenzy of speculation in stocks or commodities—of the immediate approaches to a Major Change of Trend. (Market corrections may occur at any time after a prolonged rise or decline.)

Favorable technical indicators in the stock market at present—largest short position since April 1932—and general atmosphere of caution in Wall Street.

The World Trade Boom is reaching new peaks — with improving financial conditions and favorable security markets in the more important European countries. Gold is coming out of hoarding for use in business. People are showing more confidence in the prospects of Peace. Conversion of international currencies, the single greatest aid to World business, is being studied. London is being rejuvenated as a world financial center — with a free gold market.

Trade between Europe and the Iron Curtain countries and Asia is growing. Always in the past this type of exchange between countries has had the effect of softening a Crusading spirit — such as Communism has shown in recent years.

Basically the Balance of Power necessary for a more peaceful world is being gradually restored —particularly among the defeated nations — Germany and Japan. This adjustment has always been the strongest force against a would be aggressor nation which only moves toward Hot War when the balance is out of gear and the chances for victory seem unusually favorable.

However, we are maintaining far flung air and navy patrols. We must harden ourselves against the shocks of the news of occasional patrol combats and short undeclared wars — just as the Romans and the British experienced during their heyday as great World Powers. The trick of statesmanship is to prevent these skirmishes from developing into important wars.

The great revolution against Colonialism continues in Asia and Africa—with, however, some developing signs of a more active Trading attitude. The ferment

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The Government and Municipal Bond Market

By GIRARD L. SPENCER*

Partner, Salomon Bros. & Hutzler

Members New York Stock Exchange

Mr. Spencer gives a basic picture of the Government and municipal bond markets, along with their importance as related to Federal debt management and shifts in Federal Reserve policy. Traces history of Government securities market and gives a description of Treasury securities and other U. S. Government obligations. Cites principal factors in present day market, both for U. S. Treasury and municipal securities. Lists functions of dealers in tax-exempt securities.

The Government market is the basic market for fixed income securities because:

(1) it reflects the current level of interest rates, since U. S. Treasury issues alone are not subject to any of the hazards of credit risk or quality deterioration;

Girard L. Spencer

(2) it reflects the Administration's debt management policy;

(3) it reflects the Federal Reserve System's monetary policy, which controls the volume of credit through changes in reverse requirements, or in the discount rate, or through the operations in the Government securities market of the Open Market Committee;

(4) it supplies that means through which adjustments in the credit structure can be carried out by the Open Market Committee;

(5) it permits commmercial banks to adjust their secondary reserve positions, their maturity schedule of Treasury issues, and their portfolio earnings.

The municipal, or tax-exempt securities market is also one of our major markets although not of the same fundamental importance as the Government market. As a result of the requirements of various communities in the nation, this market has expanded tremendously since the end of World War II. All public bodies, with the exception of the Federal Government, finance their communities' needs—social, educational, medical sanitary, and economic — through the issuance of securities exempt from Federal income taxes. The market differs in many respects from the Government securities market.

It seems to me better to discuss first the background, development, present status, and importance to the national economy, and more specifically to the commercial banking system and to institutional investors of the Government market, and discuss later the tax-exempt market.

Government Securities Market

History: Until the entry of the United States into World War I, the Treasury debt was negligible; in fact, at the end of 1916, the total Treasury debt amounted to only $1,225 million. The debt increased from then through 1919 until it reached a total of $25,482 million. During the next decade, although Treasury debt was reduced by about $9 billion, there was a continuous shift of ownership from many of the original subscribers to Liberty Bonds and other Treasury issues to the portfolios of commercial banks and financial institutions. This was accelerated by the drop in values of almost 20 points due to the sharp increase in interest rates in 1920 and 1921. It was during the period of World War I and immediately thereafter that the market in Treasury securities which we have today began to take its present shape.

Later in the 1920's the Treasury began to refund some of the securities it sold in the War period. In order to insure the success of these refundings, since no underwriting fee is paid by the Treasury in either its cash or refunding operations, the issues offered in exchange for maturing obligations had to be priced attractively when compared to the then current market quotations for outstanding issues. This was the beginning of "right values" in connection with Treasury financing. These right values are the premiums over par at which maturing obligations sell in the open market because of the exchange privilege offered to them.

Beginning in the early 1930's, and particularly from 1933 until 1941, the Treasury operated at substantial deficits, due to Federal spending in the attempt to stimulate the economy. In order to float its cash offerings successfully, these issues also were offered at yields which were calculated to insure a premium in the market. Practically every issue was over-subscribed and was allotted by the Treasury on a percentage basis. During this period of deficit financing, a huge volume of excess reserves was created and a practically continuous easing of money resulted in a reduction in the interest rate levels. In the same period, market premiums on new cash issues were large and attracted speculative subscriptions for quick resale at a profit. This type of speculation continued for the duration of World War II, and finally reached such large proportions that the Treasury and the Reserve System found it necessary to take steps to limit these "free riding" subscriptions as much as possible.

With the entry of the United States into World War II, huge Treasury deficits had to be financed through the sale of securities. Early in 1942, a fixed pattern of interest rates was announced, running from ⅜ths of 1% for Treasury bills to 2½% for long-term Treasury bonds. This yield pattern was continued throughout the War period. The Administration also decided in 1942 to prevent as far as possible the inflationary effects of increases in the money supply which resulted from financing of its deficits through the commercial banking system, by selling as large a part as possible of each cash offering to non-bank investors. In accordance with this policy, long-term Treasury bonds, not eligible for commercial bank investment for a fixed period of time, were offered on a "tap" basis; that is, for full allotment on each subscription to non-bank investors. A few of these issues, sold late in the War period, still carry this restriction.

The Treasury securities market reached its postwar high early in 1946. Thereafter, as a result of the expansion in the demand from both public and private sources for funds to finance needed capital expenditures, as well as the start of a more restrictive credit policy by the Federal Reserve System, the quotations for Treasury securities declined almost continuously until December, 1947, when the Federal Reserve established publicly-announced fixed prices, or "pegs," at which it would purchase most Treasury bonds from any and all holders.

During the economic recession, in 1949, money rates were eased and the Treasury market again moved higher. The Federal sold some of the long-term holdings it had previously acquired, but in the late summer of that year, to encourage investment in corporate and municipal securities as the downward trend continued, such sales were stopped.

From 1950 through the early part of 1951, the System again was forced to absorb large offerings of Treasury bonds liquidated primarily by insurance companies and savings banks that were able to find higher yielding investments in which they would place the funds so acquired.

As a result of the continued inflationary pressures caused by purchases of Treasury bonds by the System and other factors arising from the Korean War, the

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*A lecture by Mr. Spencer at the Fourth Annual Forum on Finance for Graduate Students and Instructors in American Colleges and Universities sponsored by the Joint Committee on Education representing The American Securities Business at Graduate School of Business Administration of New York University, New York City, Sept. 7, 1954.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Cigar Manufacturers—Analysis with special reference to American Sumatra Tobacco Corp., Bayuk Cigars, Inc., Consolidated Cigar Corp., D. W. G. Cigar Corp., General Cigar Company and Waitt & Bond, Inc.—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a bulletin on the **Petroleum** outlook, and the **Mississippi River Fuel Corp.**

Earnings Performances of Japanese Stocks—In current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-Ku, Tokyo, Japan.

Industrial Opportunity in Canada — Comprehensive 32 book setting forth information in three parts: economic background of Canada; business organization, formation of companies, Company Acts and the like; taxation of income—Department FC, Head Office, Imperial Bank of Canada, Toronto, Ont., Canada.

Insurance Stocks—Operating results six months ended June 30, 1954 & Blair & Co. Incorporated, 44 Wall Street, New York 5, New York.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Japan's Foreign Trade—Discussion in "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1 Chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan and 61 Broadway, New York 6, N. Y.

New Housing Authority Bonds—Circular—Chase National Bank of the City of New York, Pine Street, corner of Nassau, New York 15, N. Y.

Oil Companies—Comparative tabulation—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Railroads—Bulletin—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available in the current issue of "Gleanings" is an analysis of **American Smelting & Refining Company** and a list of **Seasonally Favored Stocks.**

Stock Markets News and Service—Special introduction trial subscription to Canadian Stock Market Advisory service—eight weeks — $3.00—(regular subscription rates $15 for 25 issues or $25 for 50 issues)—Dept. 5, Oscar C. Bartells, 100 Adelaide Street, West, Toronto, Ont., Canada.

Treasury Securities Market—Analysis—Aubrey G. Lanston & Co. Inc., 15 Broad Street, New York 5, N. Y.

Uranium Digest—Quarterly publication on uranium mining industry—Whitney & Company, 10 Exchange Place, Salt Lake City 1, Utah.

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American Mercury Insurance Company—Report—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

City Products Corporation — Analysis — A. G. Becker & Co., Incorporated, 120 South La Salle Street, Chicago 3, Ill.

Chattanooga Gas Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Commercial Credit Co.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Electric Auto Lite—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Emhart Manufacturing Company—Analysis—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of **Uarco, Inc.**

International Minerals & Chemical Corporation—1954 annual report—International Minerals & Chemical Corp., 20 North Wacker Drive, Chicago 6, Ill., or 61 Broadway, New York 6, New York.

International Telephone & Telegraph Corp.—Memorandum—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

James Lees & Sons—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Magnavox Corp.**

Missouri Pacific Railroad Co. Reorganization—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

J. P. Morgan & Co., Inc.—Circular—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

National City Bank of New York—Analysis—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

National Distillers Products — Analysis — Bruns, Nordeman & Co., 60 Beaver Street, New York 4, N. Y.

Oxford Paper Company—Analysis—Walston & Co., 35 Wall Street, New York 5, N. Y.

Pan American World Airways, Inc.—Bulletin—$2.00 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Procter & Gamble—Bulletin—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Riverside Cement — Analysis — Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Textron—Analysis of 4% preferred stock, series "B,"—Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive, Beverly Hills, Calif.

West Penn Electric Co.—Memorandum—Josephthal & Co., 120 Broadway, New York 4, N. Y.

Western Pacific Railroad—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a bulletin on the **Chemical industry.**

Youngstown Sheet & Tube—Memorandum—Talmage & Co., 111 Broadway, New York 6, N. Y.

Business Man's Bookshelf

Bituminous Coal Freight-Rate Structure, The — An Economic Appraisal — Thomas C. Campbell—Bureau of Business Research, College of Commerce, West Virginia University, Morgantown, W. Va. (paper).

Current Economic Comment — Quarterly publication—Bureau of Economic and Business Research, University of Illinois, 205 David Kinley Hall, Urbana, Ill. (paper).

Economic Strength of Business and Professional Women—Babette Kass and Rose C. Feld—National Federation of Business and Professional Women's Clubs, Inc., 1790 Broadway, New York 19, New York (paper), $1.50.

Factors Influencing Consumption: An Experimental Analysis of Shoe Buying—Ruth P. Mack—National Bureau of Economic Research, Inc., 261 Madison Avenue, New York 16, N. Y. (paper), $2.00.

Housing Research (final issue) — Housing and Home Finance Agency — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 45¢.

How to Put "Life" in Your Stock Portfolio — Ira U. Cobleigh — Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif. (paper), $1.00.

Investors' Road Map — Alice B. Morgan—Mrs. Alice B. Morgan, Box 10, Bristol, R. I. (paper), $2.00.

Methods and Problems of Delegation — Selected References — Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 20¢.

Metropolitan New Jersey-New York Highways Map—Port of New York Authority—available free at all Port Authority bridges, tunnels and airports and at its main office, 111 Eighth Avenue, New York 11, N. Y.

Proceedings of the International Trade Institute — Compiled and edited by Frank L. Holmes and Melchoir Palyi — School of American Studies, Harding College, Searcy, Arkansas (paper).

Role and Nature of Competition in Our Marketing Economy—papers presented at University of Illinois biennial marketing symposium — Bureau of Economic and Business Research, University of Illinois, Urbana, Ill. (paper), $1.00.

Techniques That Produce Teamwork—A study in Group Dynamics — Warren H. Schmidt and Paul C. Buchanan—Arthur C. Croft Publications, 100 Garfield Avenue, New London, Conn. ($2.50).

U. S. Participation in the U. N.—report by the President to the Congress for the Year 1953—Dept. of State Publication 5459—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 70¢.

R. Emmet Byrne With Scherck, Richter Co.

ST. LOUIS, Mo. — R. Emmet Byrne has become associated with Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange, in St. Louis, as a special representative. He is well known in local and national investment banking and trading circles, having been with Edward D. Jones & Company for 18 years, Dempsey-Tegeler & Company for eight years and Morfeld, Moss & Hartnett for the past four years. Mr. Byrne was President of the Security Traders Club of St. Louis in 1943.

R. Emmet Byrne

COMING EVENTS

In Investment Field

Sept. 9, 1954 (Chicago, Ill.)
Municipal Bond Club of Chicago breakfast 8:30 to 11 a.m. at Welty's Restaurant.

Sept. 10, 1954 (Chicago, Ill.)
Municipal Bond Club of Chicago annual outing at Knollwood Country Club, Lake Forest, Ill.

Sept. 10-13, 1954 (Montreal, Canada)
American Statistical Association (Business & Economic Section) convention.

Sept. 16, 1954 (Cedar Rapids, Iowa)
Iowa Investment Bankers Association field day at the Cedar Rapids Country Club.

Sept. 17, 1954 (Philadelphia, Pa.)
Bond Club of Philadelphia 29th annual field day at the Huntington Valley Country Club, Abington, Pa.

Sept. 20, 1954 (Philadelphia, Pa.)
Investment Women's Club of Philadelphia first dinner meeting in the Regency Room of the Barclay Hotel.

Sept. 21, 1954 (New York City)
American Stock Exchange members 14th annual golf tournament and dinner at Quaker Ridge Golf Club, Scarsdale, N. Y.

Sept. 22-25, 1954 (Atlantic City)
National Security Traders Association Annual Convention at the Hotel Claridge.

Sept. 23-25, 1954 (Minneapolis, Minn.)
Board of Governors of Association of Stock Exchange Firms meeting.

Sept. 23, 1954 (Omaha, Neb.)
Nebraska Investment Bankers Association of Omaha and Lincoln bond party at the Omaha Country Club (preceded by a cocktail party for out-of-town guests Wednesday evening, Sept. 22).

Sept. 26, 1954 (New York City)
Security Traders Association of New York host to the National Security Traders Association at a dinner dance at the Hotel Waldorf-Astoria.

Sept. 27-30, 1954 (New York City)
National Association of Securities Administrators meeting at the Hotel Roosevelt.

Oct. 1, 1954 (Pittsburgh, Pa.)
Bond Club of Pittsburgh annual fall outing at the Allegheny Country Club, Sewickley, Pa.

Oct. 8, 1954 (Rockford, Ill.)
Rockford Security Dealers annual "fling-ding" at the Rockford Country Club.

Nov. 4-6, 1954 (Florida)
Florida Security Dealers Association annual convention and election of officers.

Nov. 28-Dec. 3, 1954 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

Chicago Analysts Hear

CHICAGO, Ill.—Frank M. Folsom, President of the Radio Corporation of America, will address the luncheon meeting of the Investment Analysts Society of Chicago September 23 at 12:15 p.m. in the Georgian Room at Carson Pirie Scott & Co. Mr. Folsom will speak on RCA and the Radio and Television Industry.

Investment Problems Relating to Municipal Revenue Bonds

By DAVID T. MIRALIA*

Vice-President, Halsey, Stuart & Co. Inc.

Commenting on the growing volume of municipal revenue bonds and the increasing complexities that must be met by investment bankers, Mr. Miralia finds the most acute problem is one of educating public officials to seek unprejudiced financial advice from underwriters. Cites as another major problem the gaining of recognition of the values of an adequate "Official Statement," prepared by the municipality and the authority issuing revenue bonds. Stresses need of cooperation and goodwill between investment bankers and municipal attorneys.

I am happy to have this opportunity to appear before such a representative body of our Legal Profession to discuss with you some of the problems of the investment banker.

David T. Miralia

As a general rule the problems involved in the issuance of Full Faith and Credit obligations of municipalities are readily resolved. The main points involved here, such as the size of the issue and the market timing for public sale, can generally be determined by consultation on the part of the issuer with the various syndicate managers.

However, the constantly growing volume of municipal revenue bonds and the increasing complexities involved are continually presenting new angles to the investment banker. Outside of the established revenue issues such as for water, electric plant and sewer purposes, we are now being presented with various airport revenue issues, college dormitory revenue issues, hospital revenue issues payable from cigarette taxes, soldier bonus revenue issues payable from either liquor or sales taxes, and even more recently the natural gas revenue bond issues.

Let us consider a moment that the total amount of revenue bonds issued in 1946 (the first postwar year) was $205,860,000. The total amount issued in 1953 was $1,565,246,000, but already as of the end of July this year a total amount of $1,602,000,000 revenue issues has been marketed, so that conservatively speaking the year 1954 will undoubtedly result in municipal revenue issues of more than 10 times the volume of 1946—only eight years ago. Accordingly a discussion of the problems presented by municipal revenue bonds should be of considerable interest to all of us here today.

Most Acute Problem

Probably the most acute problem confronting the investment banker is the one of educating the various public officials with the absolute necessity of seeking unprejudiced financial advice from the underwriters before making commitments and establishing bond setups that cannot be changed before sale time. I cannot stress this point too strongly. Time and time again the investment banker is confronted with an official notice of sale involving strange and almost unworkable sets of call prices or a long drawn out delivery date stretching sometime to 60 or 90 days. To illustrate this latter point, we marketed $300,000,000 New York State Thruway Revenue Bonds on June 16 of this year and were able to make delivery of the permanent bonds to our customers within a month (**not temporary bonds but permanent ones**). Yet there are many cases where issues of $3,000,000 or less have not been delivered and paid for for two or three months.

When trained representatives of the underwriters urge beneficial changes be made in the bond setup they are often told it is too late as the bond ordinance has already been passed by the various Municipal Councils or that the original statutes do not provide for any such changes. Then sometimes the banker is confronted with certain revenue issues bearing estimates from some local, though perfectly reputable, engineer who is totally unknown to the banker and to his customer. Consequently when such issues are brought to the market they invariably bring unfavorable prices or, worse yet, no bids at all. Because of the lack of expert financial advice many a sound revenue proposition that deserves better brings a poor price at sale time, thus reflecting discredit and unnecessary criticism to the officials concerned.

I recall several years ago when the commonwealth of Pennsylvania decided to issue a new type of State Authority Bond based on fixed rental charges payable from legislative appropriation, the Authority officials visited New York and Philadelphia many times to consult with leading bankers and lawyers and we on our part made numerous trips to Harrisburg for the same purpose. Consequently from such conferences resulted a sound financial program that was consummated by many successful sales totalling $265,000,000 General State Authority and Highway and Bridge Authority Bonds. There are many similar cases that were handled equally as good.

Another Major Problem

Another of our major problems is the need to recognize the value of an adequate official statement that is prepared by the municipality or the authority issuing the revenue bonds. Such an official statement is of the utmost importance to the banker. If it is properly prepared it should contain all of the essential information by which the banker will evaluate the bonds.

For example, only last week the investment bankers were called upon to make bids within the space of two days on a new sewer district being created by Salt Like City Suburban Sanitary District; an Evansville, Ind., sewer revenue proposal; a Columbia, South Carolina, water and sewer revenue issue; a St. Peterburg, Fla., water revenue issue and a Consumers Public Power District of Nebraska electric revenue issue. Obviously the banker is going to be busy and has only limited time to examine the various types of issues coming in from all sections of the country. Consequently the banker relies heavily on the official statement. If it is poorly prepared with many important points unanswered our judgment is affected to a point where a low bid results. This of course means higher interest costs to the issuer. On the contrary an adequate and well prepared official statement permits the banker to readily appraise even the most difficult type of revenue bond issue and he can devote full time and effort to the pricing and marketing of the bonds. This will generally result in the highest bid possible.

Those of you who have received the official statements prepared by the Port of New York Authority officials and their attorneys will agree with me that such a statement is an outstanding example and it is a prime factor in the keen competition and the highest prices received by the Port of New York Authority. There are many others that accur to me also, such as the Department of Water and Power of Los Angeles, the City of Cleveland Water Revenue, and more recently State of Florida Board of Education.

Investment Bankers and Municipal Attorneys

In conclusion may I stress that the investment banker and the municipal attorney have much in common. The cooperation and goodwill between them in the past has been remarkable and has accomplished a great deal. Strong and salient points are being written into the Enabling Acts before legislative action. Questions concerning legality for savings banks, trusts, etc. and creation of negotiability instruments are good examples of this cooperation. I think this cooperation is growing stronger all the time because both the banker and the attorney are interested in establishing the strongest municipal revenue bond possible both from the legal point and from the fundamental security itself. In doing so we are both doing our utmost to protect and keep the goodwill of the customer and also to maintain the reputation of our firms, which in the final analysis is the most important factor to both of us.

*A talk by Mr. Miralia before the Municipal Section of the American Bar Association, Chicago, Ill., Aug. 17, 1954.

Arthur Nelson With E. F. Hutton Company

E. F. Hutton & Co., 61 Broadway, New York City, members of the New York Stock Exchange, have announced that Arthur W. Nelson is now associated with the firm in its bond department.

Mr. Nelson was formerly with the Bankers Trust Co.

NSTA Notes

AD LIBBING

With great pride and pleasure, we of the NSTA Advertising Committee name the "Men of the Week," Maurice Hart of the New York Hanseatic Corporation, New York, and Lou Walker, National Quotation Bureau, New York, for contracting for a half-page each on the inside front cover of our Year-Book and Convention issue of the "Chronicle." Also Lou Jacoby of Thayer, Baker & Co., Philadelphia, for signing up Philco for a page advertisement.

L. E. Walker

Maurice Hart

This is outstanding work and proves their loyalty to the NSTA.

Others can duplicate their efforts and although our gross is above $26,000 it should be improved in order that our 1954 Year-Book may be the greatest ever.

HAROLD B. SMITH, Chairman
National Advertising Committee
c/o Pershing & Co.,
120 Broadway, New York 5, N. Y.

NSTA CONVENTION ACTIVITIES

For what is believed to be the largest annual convention of the National Security Traders Association, Inc., more than 1,000 investment brokers and traders from every corner of the nation will gather at Atlantic City for a four-day conclave on Wednesday, Sept. 22.

The program is designed to bring to the group subjects of paramount importance to the vast unlisted security trading markets of the country. Principal speakers will include Honorable Paul L. Troast, Chairman of the New Jersey Turnpike Commission who will discuss the future of nation-wide superhighways; Bayard L. England, President of Atlantic City Electric Company, and Honorable Ralph H. Demmler, Chairman of the Securities Exchange Commission. Ernest R. Rosse, internationally known humorist will address the gathering at their final dinner session on Saturday, Sept. 25.

A feature of the Saturday program will be a round-table conference with SEC officials and top investment traders openly discussing current regulations and important business phases of the security business.

Serving under Edward H. Welsh, General Committee Chairman, the following will supervise other convention activities: Mrs. Polly Freear of Fort Worth, Texas, Ladies Activities; Charles L. Wallingford of H. M. Byllesby & Company Incorporated, Philadelphia, Golf Tournament; Leslie B. Swan of Charles W. Scranton & Co., New Haven, Tennis; and Wallace H. Runyan of Hemphill, Noyes & Co., Philadelphia, Fishing Activities.

Additional Registrations NSTA Convention, Atlantic City, N. J., Including 9/14/54

Name	Firm	City
Abrahamson, R. W.	*Weeden & Co.*	San Francisco
Alexander, Robert D.	*Howard, Weil, Labouisse, Friedrichs & Co.*	New Orleans
*Bachar, Garald D.	*J. A. Hogle & Co.*	Denver
Bunn, John W.	*Stifel, Nicolaus & Company Incorporated*	St. Louis
Campbell, A. Grant	*Janney & Co.*	Philadelphia
Channell, Clifford K.	*First Boston Corporation*	New York
*Crockett, A. Gordon	*Crockett & Co.*	Houston
Farrel, Arthur E.	*H. M. Byllesby & Company, Incorporated*	Chicago
*Filkins, Walter	*Troster, Singer & Co.*	New York
*Flynn, 2nd, John M.	*E. W. Clark & Co.*	Philadelphia
*Foster, L. Warren	*Gottron, Russell & Co.*	Cleveland
Frenkel, Lester	*Gersten & Frenkel*	New York
*Germain, Jack	*Troster, Singer & Co.*	New York
*Greenberg, Thomas	*C. E. Unterberg, Towbin Co.*	New York
*Gorey, Walter C. & Co.	*Walter C. Gorey Co.*	San Francisco
*Grace, Irving P.	*W. C. Pitfield & Co.*	New York
Hagensieker, Earl L.	*Reinholdt & Gardner*	St. Louis
*Isaacs, Milton J.	*Straus, Blosser & McDowell*	Chicago
King, Thomas E.	*Dempsey, Tegeler & Co.*	Chicago
Kinzie, Henry B.	*Baker, Simonds & Co.*	Detroit
Klinger, John F.	*First Boston Corporation*	Philadelphia
*Kosterman, P. A. (Pete)	*Zilka, Smithers & Co., Inc.*	Portland
*Krisam, Wilbur	*John C. Legg & Company*	New York
Ladd, 3rd, Edward H.	*First Boston Corporation*	New York
*Leinhard, Ernest	*Troster, Singer & Co.*	New York
Lynch, James J.	*Paul D. Sheeline & Co.*	Boston
Mackie, Robert A.	*Singer, Bean & Mackie, Inc.*	New York
*McAtee, James J.	*Butcher & Sherrerd*	Philadelphia
*McGivney, James T.	*Hornblower & Weeks*	New York
Mischuck, Ted E.	*Leedy, Wheeler & Alleman, Inc.*	Orlando
*Milt, Samuel	*New York Hanseatic Corp.*	New York
*Parsons, Jr., Edward E.	*Parsons & Co.*	Cleveland
*Perenon, Henry	*Henry F. Swift & Co.*	San Francisco
*Pinkus, Milton	*Troster, Singer & Co.*	New York
Rabinowitz, Miss Mona	*J. W. Hicks & Co., Inc.*	Denver
Rahn, Fred T.	*The Illinois Company*	Chicago
*Regan, Donald T.	*Merrill Lynch, Pierce, Fenner & Beane*	New York
*Reis, Robert W.	*Seasongood & Mayer*	Cincinnati
*Schaufler, Charles A.	*Shaffer, Necker & Co.*	Philadelphia
Schlicting, Hugh R.	*Wm. P. Harper & Son & Co.*	Seattle
*Serlen, Lewis "Hank"	*Josephthal & Co.*	New York
*Shorsher, Fred A.	*Ball, Burge & Kraus*	Cleveland
*Smith, Edward J.	*Smith, Bishop & Co.*	Syracuse
Stonebridge, Charles L.	*Merrill Lynch, Pierce, Fenner & Beane*	New York
*Tenenbaum, L. Jay	*Goldman, Sachs & Co.*	New York
*Tobias, Bernard H.	*Gerstley, Sunstein & Co.*	Philadelphia
Torpie, James V.	*Torpie & Saltzman*	New York
*Walsh, Richard H.	*Newhard, Cook & Co.*	St. Louis
*Weiss, Morton N.	*Singer, Bean & Mackie, Inc.*	New York
Yeatman, Jr., Pope	*Suplee, Yeatman & Co.*	Philadelphia
Zinzer, Herman J.	*Dempsey-Tegeler & Co.*	St. Louis

*Mr. and Mrs.

STANY—POST CONVENTION PLANS

The National Security Traders Association Annual Convention opens in Atlantic City on Sept. 22. The Security Traders Association of New York Transportation Committee has made arrangements to have special cars on the Pennsylvania Railroad, leaving Penn Station Wednesday, Sept. 22, at 9:35 a.m. (DST), arriving in Atlantic City at 12:32 p.m. (DST). Further arrangements have been made to take care of luggage to and from the train and to the Convention Luncheon with the Western Delegation at Captain Starn's Restaurant.

Return trip will leave Atlantic City at 1:20 p.m. (EST), Sept. 26th, arriving in New York in good time for the STANY party at the Waldorf that evening.

Members of the Committee are:

Walter F. Saunders of The Dominion Securities Corp., Chairman; M. Altman of H. Hentz & Company; Sam Colwell of W. E. Hutton & Company.

The Committee would appreciate receiving checks drawn to the order of the Pennsylvania Railroad, for $22.31, covering reservations sent to any member of the Committee, as soon as possible.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of Sept. 9, 1954 is as follows:

Team:	Points:
Bean (Capt.), Meyer, Bies, Pollack, Leinhardt, Weiler	5
Barker (Capt.), Brown, Corby, Weseman, Whiting, Fitzpatrick	5
Mewing (Capt.), Define, Gavin, Montanye, Bradley, Huff	5
Krisam (Capt.), Clemence, Gronick, Stevenson, Weissman Reid	4
Serlen (Capt.), Rogers, Krumholz, Wechsler, Gersten, Gold	4
Meyer (Capt.), Murphy, Frankel, Swenson, Dawson-Smith Kuehner	3
Klein (Capt.), Rappa, Farrell, Voccolli, Straus, Cohen	2
Donadio (Capt.), Hunter, Fredericks, Demaye, Saijas, Kelly	1
Kaiser (Capt.), Hunt, Werkmeister, Kullman, McGovan, O'Conner	1
Manson (Capt.), Jacobs, Siegel, Topol, Frenkel, Tisch	0
Leone (Capt.), Nieman, O'Marra, Forbes, Greenberg, Gannon	0
Growney (Capt.), Alexander, Eiger, Valentine, Burian, Craig	0

Railroad Securities

Southern Railway

Traffic of the railroads generally has not been recovering from the usual seasonal summer lull as rapidly or as strongly as had been expected in many quarters. Steel mill activity has continued to lag and automobile production has not lived up to earlier hopes. Iron ore inventories have been heavy and coal shipments, reflecting both the inventory situation and the lack of resiliency in general business, have been off sharply. Forest products tonnage has been adversely affected by strikes in the lumber areas. For the most part the July earnings reports were poorer than had been expected and it now looks as if earlier estimates of 1954 earnings for the individual roads and the industry as a whole may have to be readjusted downward. In the face of these uncertainties railroad stocks by the end of last week had developed quite a bouyant tone.

Even with the prospect that earnings estimates may have to be adjusted downward in the light of the present traffic picture there is little question but that stocks of many of the better situated roads are still attractively priced on probable earnings. Also, it still seems likely that there will be a significant number of dividend rate increases, or larger extras, during the next three to six months. Finally, traffic and earnings performances throughout the industry have by no means been uniform—car loadings declines have in many instances been held to modest proportions and many roads have displayed a very encouraging ability to control expenses even with the lower traffic. One of the roads whose prospects are still considered bright, and whose stock has again been attracting considerable long-term investment buying, is Southern Railway.

In the most recent week for which statistics are available, Southern's car loadings were off only 4.0% from the like 1953 period and the decline for the full month of August was held to less than 5%. This latter compared with a decline of more than 16% for all Class I carriers. The 5% drop in August traffic also showed considerable improvement over the road's own earlier performance of declines of 7.9% in July, 9.3% in June and 9.5% for the first half of the year. This favorable trend, coupled with the inherent long-term growth characteristics of the service area have given rise to the belief in many quarters that before long the road's traffic may again be running ahead of year-earlier levels.

Reflecting a relatively larger decline in high grade freight than in the bulk traffic, revenues have dipped at a greater rate than has traffic volume. Gross for the seven months through July was off $20,701,000, or about 12.8%, to $141,347,000. Somewhat less than a third of the revenue decline was carried through to net income which declined from $19,340,700 in the 1953 period to $12,558,477 this year. Common share earnings amounted to $4.16 compared with $6.78 earned the first seven months last year. One outstanding feature of the road's showing to date is that there has been no tendency on the part of the management to sacrifice the properties in order to bolster earnings. Maintenance of way outlays for the seven months were off only about half a million dollars from a year ago, while equipment maintenance, reflecting less utilization, was cut about $1.5 million.

Another impressive aspect of the results so far has been the reduction of some $3 million in transportation costs, with the ratio for the period held to 32.7%. This was only 2.3 points above the like 1953 period. With this demonstrated control over expenses, and indications of continuing improvement in the relative traffic performance, some upturn in earnings is indicated for the last three or four months of the year. Thus, earnings in the neighborhood of $8.50 a share still appear likely for the full year. With finances strong and the debt under control it is felt in many quarters that such earnings would well justify some liberalization of the regular dividend rate early next year.

J. W. Speas With Norris & Hirshberg

ATLANTA, Ga. — J. W. Speas has joined Norris & Hirshberg, Inc., Citizens & Southern Building, as Executive Vice-President in charge of the Municipal and Corporate Bond Department.

J. W. Speas

Mr. Speas was formerly Vice-President and Trust Officer and head of the Investment Department of the First National Bank of Atlanta. He retired under the bank's retirement plan on Aug. 31, 1954.

Ingalls & Snyder Celebrates 30 Years

On the occasion of the firm's 30th anniversary, Ingalls & Snyder, 100 Broadway, New York City, members of the New York and American Stock Exchanges, announce the following changes:

John S. Shaw, Jr., in charge of oil and natural gas research, has been admitted to general partnership.

John T. Snyder and Warner W. Kent, formerly general partners, have become limited partners.

Thorvald F. H. Tenney has retired as a general partner to become an independent specialist on the New York Stock Exchange.

Chester C. Veldran, general partner of the firm, has become a member of the New York Stock Exchange and will represent the firm on the floor of the Exchange.

Newling & Co. Opens New York Branch

Newling & Co. of Toronto, members of the Toronto Stock Exchange, announce the opening of a new branch office at 21 West 44th Street, New York City under the management of Paul Sarnoff. The firm will maintain direct private wires to the Canadian office.

Robt. N. Gregory With Daniel Reeves & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Robert N. Gregory has become associated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. Mr. Gregory was formerly with Crowell, Weedon & Co. Prior thereto he was a partner in Harbison & Gregory and conducted his own investment business in Los Angeles.

With Hooker & Fay

SAN MATEO, Calif. — Gordon R. Beath is now affiliated with Hooker & Fay, 205 Fourth Ave.

Joins Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Molton Toboco has become connected with Daniel D. Weston & Co., 1191 North Bundy Drive. He was fomerly with Investors Realty Fund and prior thereto with Marache, Dofflemyre & Co.

From Washington Ahead of the News

By CARLISLE BARGERON

For the first time in the memory of this correspondent, which goes back a long time, the Republicans are this year basing their campaign upon the strong man leadership principle or support of the President. Whether it is for good or bad it is wholly unlike them.

The Democrats have traditionally been the party of "strong men in the White House" and their two "strong men" of my generation—Wilson and Roosevelt—led us into two world wars and so radically changed the shape of the world that we aren't likely to see what may be called normal times ever again, certainly not in my life time or yours.

Carlisle Bargeron

The Republicans or rather Republican Congresses have always been alert to keeping the feet of the man in the White House on the ground. I have always thought this to be more in line with our theory of government, the balancing of powers of the legislative, executive and judicial branches—the one offsetting the other in the struggle for power.

Eisenhower leaned to this conception of our government; he did not want the strong, almost dictatorial leadership that has been forced upon him. But forces that were not so steeped in our traditions and not so concerned in where the power of government lay but in policies of government which they advanced, have succeeded in thrusting this leadership upon him. These forces felt they could better mould one man and the small crowd around him to their way of thinking than a whole Congress.

The Republicans in the 1954 session of Congress functioned not so much upon the basis of the merits of the legislation before them but upon the basis of enhancing Eisenhower's leadership. A persistent propaganda hammered them from the beginning of their return to power in 1953 that Eisenhower was all they had, that the country had not voted for the Republican party or for the Republican party's philosophy, but for Eisenhower. An analysis of the Congressional vote in the 1952 Presidential election falls far short of bearing this out but the propaganda was too loud to be resisted.

Now the Republicans are going whole hog and pitching their current Congressional campaign almost solely on Eisenhower's popularity and the "accomplishments" of his Administration. It remains to be seen how they will fare.

To say that the Republicans in the past Congress were more motivated by making a big, strong leader out of Eisenhower than by the merits of the particular legislation is not to say that the "accomplishments" are not impressive. But somehow, the signs are that the people who should be most impressed are not very excited or even appreciative while the Leftists, the CIO and the ADA crowd seem strong and enthusiastic. Those who should seem most impressed still have, or too many of them have, a feeling of emptiness. They have a feeling that regardless of the "accomplishments" the Eisenhower Administration has smacked too much of the New Deal.

Anyway, the observers in Washington are far and few between who believe the Republicans will hold onto their control of the House. It has been a very tenuous control at that, but predictions as to how many seats the Democrats, or the Left, will gain in the House run up as high as 60. The Republicans are expected to hold control of the Senate but even this will likely be by a very narrow margin.

In my opinion such an outcome would be a tragedy. The fact is that despite the dissatisfaction of many Republicans with the Eisenhower Administration, considerable progress has been made in getting away from the Leftist domination of government. You look around and see the tremendous part which Federal government spending still plays in our economy and you become discouraged. But the cold figures show there has been a marked shifting of the burden of maintaining the economy back to the shoulders of private enterprise. The shifting has come about, too, with a minimum of inconvenience to employment. It seems a shame that we can't permit this trend to continue instead of returning the Leftists to domination of at least one house of Congress. But their return seems to be in the cards.

Our New Housing Legislation

By JOHN R. WHITE*

Vice-President, Byrne Bowman and Forshay, Inc.
Assistant Professor of Economics, New York University

Predicting recent passage of Federal Housing Act of 1954 will accelerate construction of new housing, Professor White urges prudence to forestall unjustified price increases and general inflation.

The recent passage of the Federal Housing Act of 1954 will undoubtedly accelerate the construction of new housing, in areas in which the FHA has been active, for the balance of this year and possibly into 1955.

John R. White

The lowering of the down payment requirements under FHA insured mortgages to 5% of the first $9,000 of the appraised house value and 75% of the appraised value above that figure will undoubtedly broaden the market for housing by permitting many non-veterans to purchase private dwellings who heretofore have been stymied by the high down payments. One salutary effect of this legislation is to reduce the inequalities between the veteran and non-veteran. Formerly the veteran could obtain easier credit terms than the non-veteran who felt he was discriminated against. Now, with the increase of the self-liquidation mortgage period to 30 years, the same as with veterans' loans, and with lower down payments, the non-veteran can buy on almost as advantageous terms as the veteran.

Mortgage officers are cautioned, however, against the possible inflationary effects of the new legislation. Easy credit terms lead almost invariably to price inflation as purchasers tend to buy—and pay premiums for—housing which has more liberal terms. Thus, unless prudence is exercised in the lending of mortgage funds, the resultant competitive bidding for private housing will provoke further widespread price increases not justified by present-day housing costs for land, material and labor.

Another interesting aspect of the new legislation, is the provisions which liberalize the down payment requirements on existing dwellings and permits up to 30 years self-liquidation. Undoubtedly this will help to prop up the used house market, will speed up lagging sales and create more interest in the more spacious older house by the prospective purchaser. Many people who ordinarily would incline toward the purchase of a used house have been unable to do so because of the difficulty experienced in obtaining satisfactory mortgage terms.

Potential Impetus

The possible effect of the legislation is to broaden the market to the point where the entire national economy might benefit through the incentive provided to builder and buyer alike. Countless thousands of families otherwise unable to buy new homes may now be able to do so. Since one out of every six persons now employed depends directly or indirectly on the home building industry, the economy could receive a significant impetus from this legislation.

The way is now clear for the various savings and loan associations to assist qualified non-veterans in financing the purchase of a house, provided they have sufficient income to undertake the financial obligations which home ownership entails. The extremely liberal and permissive nature of the legislation should not be used to enable those of insufficient income to benefit at the eventual expense of the FHA, who underwrites the mortgage risk, nor of the lender who supplies the funds.

*A summary statement by Professor White presented before the inaugural session of the Ohio Savings and Loan Academy, Granville, O., Aug. 14, 1954.

Bradschamp & Co. Elects New Officers

HOUSTON, Tex. — Bradschamp & Company, principal underwriter of Texas Fund, Inc., with offices in the Union National Bank Building, have announced the election of the following officers: William J. Sloan, President; Jack S. Geneser, Vice-President and Sales Manager; John W. Coles, Jr., Secretary-Treasurer; and Mrs. Mary Lou Epperson, Assistant Secretary.

New Jersey Bond Club Dutch Treat Party

The Bond Club of New Jersey will hold its annual Dutch Treat Party on Sept. 16 at the Essex County Country Club, West Orange, N. J., with lunch and golf. The cocktail hour from 6-7 p.m. and a charcoal broiled beefsteak dinner at 7 p.m. will be held at the Mayfair Farms, West Orange. Tariff is $20 everything; $15 for cocktail hour and dinner.

With Cantor, Fitzgerald

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Sam Raber has joined the staff of Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive. He was previously with Stern, Frank, Meyer & Fox.

With Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Joseph E. Keller has been added to the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchange.

With Fewel & Co.

(Special to THE FINANCIAL CHRONICLE)

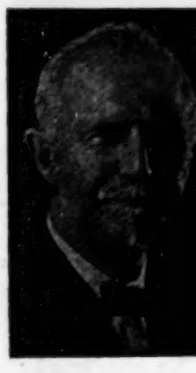
LOS ANGELES, Calif.—John J. Loftus is now affiliated with Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange.

Insurance Coverage

By ROGER W. BABSON

Mr. Babson, in advocating insurance against all classes of hazards, cites recent hurricane losses in New England that may be covered by insurance as case in point. Urges policy holders read their policies carefully and says most insurance companies, particularly those that have been in business a long time are sound.

I believe in insurance—fire, life, and casualty — yes, and I include hurricane, accident, and sickness insurance. I especially like the Blue Cross and Blue Shield. Everyone should subscribe to these.



Roger W. Babson

Apart from being a business, insurance is also a form of good sound Christianity in which every church member should enthusiastically join. Insurance is really all of us contributing to help ourselves and others who are in trouble. Instead of waiting for fire, death, or accident, and then "passing the hat," insurance companies collect the money first.

To interest people in taking out insurance consumes time and costs the insurance companies much money; also, bookkeeping and other expenses are high. But in a free nation I see no way of avoiding this expense. Even compulsory insurance costs something to "service," and it is very easy for politics and even corruption to creep in. Therefore, I believe the persent plan is best.

Buy Enough Different Kinds Of Insurance

A week or two ago, Greater Boston and Eastern New England were swept by a hurricane. Within about one hour, $100,000,000 of property values was wiped out. A portion of this—such as beautiful trees—can be insured only at very high premium rates, but damage to buildings, life, etc. can be protected at reasonable insurance costs. Incidentally, uninsured loss of trees can be deducted from your income tax.)

Since this hurricane I learn that very few people carry hurricane insurance. In fact, most people do not know what their insurance covers. For instance, manufacturers insure their F. O. B. goods until delivered to the merchant's nearest railroad station. The merchant insures these goods after they arrive at his store; but very few carry policies which protect the goods while being trucked between station and store. Be sure you have the right insurance, and enough of it.

Read Your Policies

Whether you are a manufacturer, or a storekeeper, or a humble citizen, you should read your policies. Get them all out tonight and read them. Anything not plainly covered will not be covered. Especially read what is in fine print. This advice strongly applies to accident and health insurance sold at low rates. An executor may try to collect on a $10,000 accident policy and find that the accident must be in a train wreck—in order to collect. In fact, one company which sells accident insurance at very low rates insists you must be seated in a train when killed in order for your executors to collect.

Sickness insurance should be checked. A long list of diseases of which you have never heard are mentioned; but you may find no mention of heart disease, cancer, or some very common causes of death. I forecast that the time is coming when these accident and sickness policies will be compelled by law to state in large type what they **do not** cover. In the mean time I beg that all my friends read their policies. If these policies do not cover every reasonable hazard which you can think of, get covered. For instance, if your wife should put a person's eye out with an open umbrella, are you insured against its costing you $20,000?

Get Letter From Your Agent

Your insurance agent wants to be one of your best friends. He is truly interested in your welfare. Tell him you want everything covered and get a letter from him stating that everything, unless he mentions it in this letter to you, is covered. One other thought. In most states only perfectly sound insurance companies are allowed by law to operate; but this is not true in all states. Furthermore, some unscrupulous companies get around the law by operating by mail from a careless state.

You cannot be expected to study the financial strenght of each company; but you can insist upon selecting only well-known companies which have been in business a long time. Any company which has advertised consistently in your local paper should be safe. This is a good test, especially if the advertisement reads that the company has been approved by the Insurance Commissions of all the leading states.

E. D. Reese to Address N. Y. Fin. Advertisers

Everett D. Reese, President of the American Bankers Association, will be the guest speaker at the September luncheon meeting of the New York Financial Advertisers which will be held on Wednesday, Sept. 22 in the Lawyers Club, 115 Broadway. Mr. Reese, who is President of the Park National Bank of Newark, Ohio, will discuss significant changes in banking public relations and advertising.

No. River Power Squad. Piloting Course

The North River Power Squadron announces it will hold its Fall 1954 Piloting Course at the Downtown Athletic Club, 19 West St., New York City, from 6:30 to 8:45 p.m. on Mondays, Sept. 20 through Dec. 6. Classes are free and ladies and gentlemen are welcome—it is not necessary to be a boat owner.

Those interested in attending classes may contact Paul S. Morton, Peter P. McDermott & Co., 44 Wall St., New York City.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Robert K. Miller has joined the staff of Harris, Upham & Co., 416 Fifteenth Street.

Canadians Understand Our Motives

By CLEM D. JOHNSTON*

President, Chamber of Commerce of U. S.

Mr. Johnston, after revealing activities of the Joint Committee of the Canadian Chamber of Commerce and the Chamber of Commerce of the United States, points out "if anybody anywhere recognizes that our motives are not ulterior or selfish but quite the reverse, I am sure it will be the Canadians." Extols understanding and cooperation of U. S. and Canadian businessmen, working under a competitive system.

The Europeans discovered Canada almost 500 years before they did the United States, but some Americans didn't discover Canada until they found their sacred American dollar classed as "soft currency" alongside the premium Canadian dollar.

Clem D. Johnston

I even understand that there are some who first learned about Canada when their Congressmen went up north to interview Igor Gouzenko.

As a representative of the National Chamber of Commerce, I'm glad to be able to assure you that this is not the case with National Chamber members. We even anti-date "Rose Marie."

Ever since its first meeting in 1933, our Canada-U. S. committee —the joint committee of the Canadian Chamber of Commerce and of the Chamber of Commerce of the United States, has been holding regular meetings and discussing mutual problems, hopes and aspirations. Because it is important and because our experience may serve as a useful pattern for other organizations in our two countries, I'd like to refer to this committee very briefly.

We hold at least two meetings a year—one in Canada and one in the United States. Each of these meetings lasts two or three days and affords an opportunity for careful inquiry and consideration of a number of current problems.

The general purposes of this committee are to work for the closest friendly relations between Canada and the United States, and to bring about, where necessary, modification of administrative regulations affecting commerce, communication and relations of every sort between the two countries.

The principle agreed upon at the outset I would like to quote verbatim because I think that it is significant—

"The standard for each case should at least equal in liberality that of the country which now provides the more liberal regulation for such case."

Canada and U. S.—Best Customers to Each Other

Working under that principle, we in the United States have become Canada's best customer and Canada, in turn, has become our best customer. And much more importantly, Canada has become and remains our best friend. If any people can ever understand what makes us tick here in the United States—

Our clumsy, "St. Bernard dog" affection for everybody that usually manages to upset the furniture —

Our do-gooder complex that insists that everybody everywhere mechanize—and install bathtubs— and drink Coca Cola—and have a Constitution—and a progressive income tax—

If anybody anywhere recognizes that our motives are not ulterior or selfish, but quite the reverse—

I am sure that it will be the Canadians.

Our Canadian friends are close to us, and they can recognize that many of the things which we in the United States do or advocate being done are simply the result of an excess of animal spirits—a natural exuberance. We feel good. We are growing. We are going places. We are happy, and we want everybody else to go places and be happy too.

There may be cold, calculating, designing men somewhere who are interested only in selfish gain and oblivious to the general welfare, but in my own more than 20 years of association with the National Chamber and with the Canada-U. S. committee, I have never encountered a suspect.

A Lot of Mutual Understanding

But I have encountered a tremendous lot of mutual understanding and manifestation of high principle and unselfishness.

We have not always seen eye to eye on every question. We struggled with the St. Lawrence Seaway for many years — never quarreling, but groping for a solution that would be acceptable to the diverse interests and areas on both sides of the border.

You will note that I don't say "north of the border" and "south of the border."

One of the things which we early discovered but which amazes many people is that almost three-fourths of the people in Canada live south of the northernmost point in the United States.

And they are equally amazed to find that more than 40 million of our own citizens live north of the southernmost point in Canada.

The next thing you know, we are going to hear the Canadians saying "you all."

I have interposed this story of the Canada-U. S. committee not because I want to propagandize you on Chamber of Commerce activities, but because it is a success story with few equals.

I think that both countries can profit from this example of understanding and cooperation between business men working under a competitive system.

And I think that nations everywhere can profit from the example of our two countries.

We in the Chamber of Commerce have discovered Canada. We consider it a real "strike," but instead of trying to stake a claim, we try only to make more and more of our countrymen face north and lift their eyes to the horizon.

The bright spot they see there may be the Aurora Borealis, but more than likely, it's just Canada.

*Remarks by Mr. Johnston before the Conference on Canada-U. S. Economic Relations, University of Rochester, N. Y., Sept. 2, 1954.

Two With Jamieson Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Wendell A. Hutchinson and Charles E. Wray have become associated with H. L. Jamieson Co., Inc., Russ Building. Mr. Hutchinson was formerly with First California Company and Frank Knowlton & Co.

Depreciation Deductions Under The New Internal Revenue Code

By VICTOR R. WOLDER
Attereny-at-Law, New York City

Mr. Wolder explains the use, and the limitations upon the use, of methods and rates in depreciation provisions of the new Internal Revenue Code. Gives illustrations of how the "Straight Line Method," the "Declining Balance Method" and the "Sum of the Digits Method" operate.

Every taxpayer is allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear, including a reasonable allowance of obsolescence of property used in its trade or business or held for the production of income (Sec. 167 (a).

Victor R. Wolder

Certain methods and rates of depreciation are allowed. For the taxable year ending after Dec. 31, 1953, the term "reasonable allowance" includes but is not limited to an allowance under any of the following methods:

Use of Certain Methods and Rates

(1) The straight line method.

(2) The declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the straight line method.

(3) The sum of the years-digits method.

(4) Any other consistent method productive of an annual allowance which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the declining balance method.

All allowances are to be computed in accordance with regulations prescribed by the Treasury Department.

Further, regardless of the four methods above mentioned, nothing is to be construed to limit or reduce an allowance which is otherwise allowable because it is reasonable. (Sec. 167 (b).

Limitations on Use of Certain Methods and Rates

There are limitations, however, on the use of certain methods and rates.

If a taxpayer desires to use any method other than the straight line method, it must meet certain conditions as follows:

(1) The property must not be "intangible" property.

(2) The property must have a useful life of three years or more.

(3) The construction, reconstruction or erection of the property must have been completed after Dec. 31, 1953, or

(4) The property must have been acquired by the taxpayers after Dec. 31, 1953, and the original use of such property must have commenced with the taxpayer and must have commenced after Dec. 31, 1953.

(5) With respect to property construction, reconstruction or erection of which is completed after Dec. 31, 1953, if a method other than the straight line method of depreciation is to be used then such other method may only be applied to that portion of the basis which is properly attributable to such construction, reconstruction or erection after Dec. 31, 1953. (Sec. 167 (c).

Agreement with Treasury Department Establishing Useful Life

The new Code provides that when the Treasury Department establishes new regulations and the taxpayer and the representative of the Treasury Department have pursuant to such regulations entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding upon both the taxpayer and the Treasury Department in the absence of facts or circumstances not taken into consideration at the time of the making of such agreement. The responsibility of establishing the existence of such facts and circumstances will rest upon the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years prior to the taxable year in which written notice is served by registered mail by the party initiating the change to the agreement. (Sec. 167 (b).

Change in Method

In the absence of an agreement between the taxpayer and the Treasury Department containing a provision to the contrary, a taxpayer may at any time elect, in accordance with regulations prescribed by the Treasury Department, to change the method to the straight line method. Sec. 167 (e).

Basis Upon Which Depreciation To Be Taken

The cost basis on which allowance for exhaustion, wear and tear, and obsolescence are to be allowed with respect to any property is the same basis as would be used for the purpose of determining gain on the sale or other disposition of such property. (Sec. 167 (f).

Life Tenants and Benefits Under Trust and Estates

In the case of property held by one person for life with remainder to another person the deprecition deduction shall be computed as if the life tenant were the absolute owner of the property and the deduction shall be allowed to the life tenant. When the property is held in trust the allowable deduction shall be proportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust. In the absence of such provisions being contained in the trust agreement, then the depreciation should be apportioned between the income beneficiaries and the trustee on the basis of the trust income allocable to each. When an estate is involved, the allowable deduction is to be apportioned between the estate and the heirs, legatees and devisees on the basis of the income of the estate allocable to each. (Sec. 167 (g).

Depreciation of Improvements in The Case of Mines, etc.

There are special rules applicable to depreciation of improvements in the case of mines, oil and gas wells and other natural deposits and timber. (Sec. 167 (h).

Explanation of How the Declining Balance Method and Sum of The Digits Method Operate

The most commonly used method of depreciation is the straight line method whereby capital cost is recovered evenly over the expected useful life of property. Thus, if a building cost $5,000 and had a 10-year life expectancy, the depreciation on the straight line method would be $500 a year for 10 years. The declining balance method gives the greatest depreciation allowance in the first year and a gradual smaller allowance in each subsequent year. The rate of depreciation is constant, but the amount of depreciation allowed each year reduces the cost basis of the asset against which the depreciation is to be taken in subsequent years. In other words, depreciation is constantly taken against a declining balance.

Under the new Code the rate of depreciation which may be taken under the declining balance method may not exceed twice the amount which the taxpayer may take on the straight line method. Thus, taking the same example, if the building costs $5,000 and had a 10-year life, the taxpayer could deduct 20% of $5,000 the first year or $1,000. The reason the 20% is used is that it is twice the amount of the straight line depreciation of 10%. The second year, however, the amount of depreciation to be deducted would be 20% of $4,000, or $800. The reason why the depreciation is only taken against the $4,000 is that the $1,000 deducted in the first year is deducted from the cost basis and hence the balance has declined to $4,000 and so on it continues each year thereafter. Under this method, however, until the property is sold for salvage or abandoned, it will never be possible to use up the full cost basis.

Under the third method which is called the sum of the years-digits method, at the inception the depreciation is not as great as under the declining balance method, but, in a very short time, the annual amount of depreciation to be taken as well as the cumulative amount exceeds the declining balance method. Also, the entire cost basis will be absorbed. There will not be a balance left dangling. Under the sum of the years-digits method, if the asset has a 10-year useful life, then the years-rigits, to wit: 10, 9, 8, 7, 6, 5, 4, 3, 2, 1 are added together. The sum of these digits which in this case happens to be 55 would mean that in the first year 10/55ths of the cost would be allowed as a deduction, the second year 9/55ths, the third year 8/55ths and so on down the line until the 10th year 1/55th will be allowed as a depreciation deductions.

Tables I and II provide a comparative analysis of the straight line method, the declining balance method and the sum of the years-digits method on a 10-year life and a 40-year life.

TABLE I

Assume That the Asset Acquired Cost $100 and Has a Useful Life of 10 Years

	—Straight Line—10%—			Declining Balance—20%			Sum of the Years—Digits		
	Annual Charge	Cumulative	Balance	Annual Charge	Cumulative	Balance	Annual Charge	Cumulative	Balance
1	$10.00	$10.00	$90.00	$20.00	$20.00	$80.00	$18.18	$18.18	$81.82
2	10.00	20.00	80.00	16.00	36.00	64.00	16.36	34.54	65.46
3	10.00	30.00	70.00	12.80	48.80	51.20	14.54	49.08	50.92
4	10.00	40.00	60.00	10.24	59.04	40.96	12.73	61.81	38.19
5	10.00	50.00	50.00	8.19	67.23	32.77	10.91	72.72	27.28
6	10.00	60.00	40.00	6.55	73.78	26.22	9.10	81.82	18.18
7	10.00	70.00	30.00	5.24	79.02	20.98	7.27	89.09	10.91
8	10.00	80.00	20.00	4.20	83.22	16.78	5.45	94.54	5.46
9	10.00	90.00	10.00	3.35	86.57	13.43	3.64	98.18	1.82
10	10.00	100.00	0.00	2.68	89.25	10.75	1.82	100.00	0.00

Table II

Assume That the Asset Acquired Cost $100 and Has a Useful Life of 40 Years

	Straight Line Method—2½%			Declining Balance Method			Sum of the Years—Digits		
	Annual Charge	Cumulative	Balance	Annual Charge	Cumulative	Balance	Annual Charge	Cumulative	Balance
1	$2.50	$2.50	$97.50	$5.00	$5.00	$95.00	$4.87	$4.87	$95.13
2	2.50	5.00	95.00	4.75	9.75	90.25	4.76	9.63	90.37
3	2.50	7.50	92.50	4.51	14.26	85.74	4.63	14.26	85.74
4	2.50	10.00	90.00	4.28	18.54	81.46	4.52	18.78	81.22
5	2.50	12.50	87.50	4.07	22.61	77.39	4.39	23.17	76.83
6	2.50	15.00	85.00	3.86	26.47	73.53	4.27	27.44	72.56
7	2.50	17.50	82.50	3.67	30.14	69.86	4.14	31.58	68.42
8	2.50	20.00	80.00	3.49	33.63	66.37	4.03	35.61	64.39
9	2.50	22.50	77.50	3.31	36.94	63.06	3.90	39.51	60.49
10	2.50	25.00	75.00	3.15	40.09	59.91	3.79	43.30	56.70
11	2.50	27.50	72.50	2.99	43.08	56.92	3.65	46.95	53.05
12	2.50	30.00	70.00	2.84	45.92	54.08	3.54	50.49	49.51
13	2.50	32.50	67.50	2.70	48.62	51.38	3.41	53.90	46.10
14	2.50	35.00	65.00	2.56	51.18	48.82	3.30	57.20	42.80
15	2.50	37.50	62.50	2.44	53.62	46.38	3.17	60.37	39.63
16	2.50	40.00	60.00	2.31	55.93	44.07	3.05	63.42	36.58
17	2.50	42.50	57.50	2.20	58.13	41.87	2.92	66.34	33.66
18	2.50	45.00	55.00	2.09	60.22	39.78	2.81	69.15	30.85
1	2.50	47.50	52.50	1.98	62.20	37.80	2.68	71.83	28.17
20	2.50	50.00	50.00	1.89	64.09	35.91	2.57	74.40	25.60
21	2.50	52.50	47.50	1.79	65.88	34.12	2.43	76.83	23.17
22	2.50	55.00	45.00	1.70	67.58	32.42	2.32	79.15	20.85
23	2.50	57.50	42.50	1.62	69.20	30.80	2.19	81.34	18.66
24	2.50	60.00	40.00	1.54	70.74	29.26	2.08	83.42	16.58
25	2.50	62.50	37.50	1.46	72.20	27,80	1.95	85.37	14.63
26	2.50	65.00	35.00	1.39	73.59	26.41	1.83	87.20	12.80
27	2.50	67.50	32.50	1.32	74.91	25.09	1.70	88.90	11.10
28	2.50	70.00	30.00	1.25	76.16	23.84	1.59	90.49	9.51
29	2.50	72.50	27.50	1.19	77.35	22.65	1.46	91.95	8.05
30	2.50	75.00	25.00	1.13	78.48	21.52	1.35	93.30	6.70
31	2.50	77.50	22.50	1.07	79.55	20.45	1.21	94.51	5.49
32	2.50	80.00	20 00	1.02	80.57	19.43	1.10	95.61	4.39
33	2.50	82.50	17.50	.97	81.54	18.46	.97	96.58	3.43
34	2.50	85.00	15.00	.92	82.46	17.54	.86	97.44	2.56
35	2.50	87.50	12.50	.87	83.33	16.67	.73	98.17	1.83
36	2.50	90.00	10.00	.83	84.16	15.84	.61	98.78	1.23
37	2.50	92.50	7.50	.79	84.95	15.05	.48	99.26	.74
38	2.50	95.00	5.00	.75	85.70	14.30	.37	99.63	.37
3	2.50	97.50	2.50	.71	86.41	13.59	.24	99.87	.13
40	2.50	100.00	0.00	.67	87.08	12.92	.13	100.00	0.00

Connecticut Brevities

Landers, Frary & Clark of New Britain, makers of the Universal line of electric appliances has recently purchased the Dazey Corporation of St. Louis, makers of non-electric kitchen appliances. Production of the Dazey line will be moved to New Britain. Landers plans to spend about $475,000 on plant improvements during the coming year.

* * *

Russell Manufacturing Company has discontinued production of zipper tape and elastic fabrics; it will concentrate on manufacture of belting, clutch facing and brake linings.

* * *

William Brand & Co., Inc., which produces insulating materials, plans to add a new plant in Willimantic. The new $500,000 plant will contain about 55,000 square feet of floor space.

* * *

Allied Printing Services, Inc. has announced plans to return to Manchester where it will erect a new plant. Several years ago the company left Manchester due to lack of suitable space, but is returning as the result of efforts by the Manchester Development Commission.

* * *

Hartford Rayon Company, a wholly subsidiary of **Bigelow-Sanford Carpet Company,** has joined a group of seven other producers of rayon in the formation of the American Rayon Institute which will work to promote increased usage of rayon. Hartford Rayon has converted its rayon production to fibres for rugs and household furnishings.

* * *

American Chain & Cable Company has purchased **The Bristol Company,** makers of industrial instruments including automatic mechanical and electronic controls. In addition to its main plant in Waterbury, Bristol has two branch plants and a Canadian subsidiary. American Chain has stated that no changes in Bristol's management or personnel are planned. The purchase price of about $7,600,000 was close to the book value and included virtually all of the 194,800 outstanding shares.

* * *

Sales of **Silex Company** for the six months ended June 30, 1954 were $3,988,000 including **Chicago Electric Manufacturing** which was acquired June 30, 1953, compared to $1,813,000 for the similar period a year earlier. Earnings on the 403,667 shares outstanding were $0.10 for the period compared to a loss of $0.51 on 268,209 shares for the earlier period.

* * *

The **Niles-Bement-Pond Company** is constructing an $850,000 plant addition to its main plant in West Hartford. The new facilities will be used by the Chandler Evans Division for research and test work to develop aircraft engine components.

* * *

Eastern Industries, Inc. has filed a registration statement with the SEC covering 100,000 shares of $10 cumulative convertible preferred stock to be offered to the public through underwriters. The proceeds will be added to working capital.

Continued from page 4

Harnessing Speculative Dollars

vertible into 400 shares of common and carried, with it, 100 shares of common. This underwriting at $1,010 per bond, plus funds from sale of 300,000 common earlier in the year, was to build a harness racing plant at Magnolia Park, La., eight miles from New Orleans, La.

On 427 acres of land there has now been built this magnificent new trotting facility — Magnolia Park. It is scheduled for a gala opening Sept. 23, and will offer a modern track, with adequate functional facilities to provide eight races a night on a ⅝-mile track. Grandstand is for 2,500 persons, concourse for 8,000, and Club House with dining and bar accommodation for 450. Twenty thousand patrons are scheduled, in total, to be accommodated, with parking for 5,000 cars. Revenues will stem from pari-mutuel percentages and breakage, admission charges, entrance and stake fees plus concessions—programs, restaurant and parking. All this is described in the prospectus of April 3, 1954 to which you absolutely must refer for any and all official data.

Nobody can predict just how Magnolia Park will do after it opens, but if you give proper weight to location, modern facilities and competent management, Magnolia Park debentures and common may well afford the speculator, horse as well as stock, a nice run for his money. They're already done pretty well, marketwise. Get the prospectus by all means and look for the newspaper accounts about the opening of this track. It is scheduled for a 45-day meeting this Fall.

In addition to all these tracks mentioned, others of considerable promise are in the offing. A $3¾ million trotting track known as **Audubon Park Raceway, Inc.** is reported planned in Henderson County, close to the Ohio River, and near Evansville, Ind. This track is to offer night trotting races in a rich industrial and agricultural area with a pari-mutuel window pleasing to sportsmen and state treasury alike. Audubon Park Raceways is reported to have registered a securities underwriting and if this apparently well located new venture appeals to you, you are urged to obtain such prospectus as may be shortly available. It should contain the vital facts upon which alone intelligent speculative judgment can be formed.

Because of the popularity of trotting, only barely touched upon here, it is wholly probable that other tracks may be built, with funds from security flotation to the public. Certainly another trotting park in New Jersey (there's only one—in Freehold) would make a lot of sense—particularly one located near New York—say in Jersey City.

The whole history of trotting tracks (only a very few of which have shares available for purchase by the public) suggests that here is an industry that can make money, especially in the right location. Earlier shareholders in Roosevelt Raceway reaped fancy capital gains. Magnolia Park common, offered for subscription at $1 this January, is now quoted at $3, and its 6% debentures around $1,500. These and similar results have indicated trotting tracks as a field definitely to be studied by the sporting wing of the speculative fraternity. It is possible, on the record, to harness speculative dollars, and run them into a tidy profit. Maybe it can happen to you; but first fortify yourself with fact and prospectus. Enthusiasts say harness racing is the fastest growing spectator sport.

Deficit for Fiscal Year 1955 May Top Original Estimate

Treasury Secretary Humphrey issues mid-year statement in which he lays cause to greater reduction in excises than President recommended.

On Sept. 14, Secretary of the Treasury George M. Humphrey released a statement on the mid-year situation of the current Federal Budget, in which he gave an explanation of the increase in the deficit above the January official estimate:

The text of Secretary Humphrey's statement follows:

"The mid-year review of the estimates in the 1955 budget shows an estimated deficit for this fiscal year of about $4.7 billion. About ⅔ of the increase over our January estimate was caused by greater reduction of excise taxes by the Congress than we either recommended or estimated at the beginning of the year.

George M. Humphrey

"I want to make it clear that this is an interim estimate and one that we shall work every day, every week, and every month to reduce. You will recall that a year ago we presented an interim report on the prospective figures for 1954. We said then that we hoped to better them by the end of the fiscal year. We actually cut spending by nearly $4 billion between our August estimate and our fiscal 1954 year-end figures. Receipts also were down by more than $3 billion, partly due to tax reductions. The deficit was reduced from $3.8 billion to $3 billion.

"We said a year ago that we were going to keep working to get both spending and the deficit down. We did get them down. We are going to try to do it again this year. We shall keep working continuously during the rest of this fiscal year to better the estimates we are presenting today."

With W. R. Olson Co.

(Special to THE FINANCIAL CHRONICLE)

FERGUS FALLS, Minn.—Stanley Anderson has joined the staff of W. R. Olson Co., 112 South Mills Street.

SEC to Amend Rules to Conform to New Securities and Exchange Acts

Most important changes have to do with mechanics of distribution of securities. Other amendments relate to the Trust Indenture Act and the Investment Company Act.

The Securities and Exchange Commission on Sept. 9 gave notice that it has under consideration proposed amendments to its rules and forms under the Securities Act of 1933 and the Securities and Exchange Act of 1934. The notice said in part as follows:

"On Aug. 10, 1954, President Eisenhower signed Public Law 577, effective Oct. 10, 1954. Public Law 577 reflects major changes in the Federal securities acts in over a decade. The most important change involves Section 5 of the Securities Act of 1933. Other amendments to that statute and to the Trust Indenture Act of 1939 and the Investment Company Act of 1940 were enacted as necessary to accommodate the provisions of those acts to the amendment of Section 5.

"The amendment of Section 5 and the related changes have to do principally with the mechanics of distribution of securities. The Act, before the amendment takes effect, makes unlawful the offer or sale of a security to the public by mail or instrumentality of interstate commerce prior to the effectiveness of a registration statement in respect of the security. It has been contended for many years that the free flow of information concerning a new issue during the period between the filing and effectiveness of a registration statement has been limited because of the fear on the part of underwriters and dealers that communication with prospective customers might be construed to be illegal "offers" of a security. Despite administrative steps taken in the past by the Commission to encourage issuers and underwriters to disseminate the information contained in the registration statement during the waiting period, this objective was not fully achieved.

"Public Law 577 will permit the making of written offers to sell and solicitations of offers to buy during the waiting period by means of a preliminary prospectus filed with the Commission prior to its use. In other respects it will expand the authority of the Commission to permit the use of written material in addition to the full prospectus in connection with the offering of securities for sale. The amendment, however, will continue to prohibit the sale of securities or the making of contracts to sell or contracts of sale prior to the effective date of the registration statement.

"There are set forth below proposed amendments to the rules and regulations under the Securities Act of 1933 and the Securities Exchange Act of 1934 which are designed primarily to conform existing rules to the changes in those statutes made by the enactment of Public Law 577 and to permit a smooth administrative transition to the amended statutes. It is deemed necessary promptly to release the proposals indicated below in order that the Commission may have the benefit of the comments and views of interested persons in sufficient time to permit adoption of appropriate rules by Oct. 10, 1954, the effective date of the amendments to the statutes.

"The amendments noted do not relate to the use of such summary prospectuses as may be permitted under Section 10(b), or expanded advertisements under Section 2(10)(b), of the amended statute. The nature and form of such advertisements, communications and summary prospectuses are presently under consideration by the Commission and it is expected that proposals for the adoption of appropriate rules may be published for comment within the near future.

"The other principal amendments to the statutes effected by Public Law 577 are summarized below:

"The Securities Act of 1933 requires that a dealer must deliver a prospectus in the initial distribution of a security—regardless of the duration of such distribution. It further requires the delivery of a prospectus by every dealer in trading transactions in the registered securities for one year after commencement of the offering. This latter provision is amended by Public Law 577 to reduce the one-year period to 40 days after the effective date or 40 days after the commencement of the public offering, whichever expires last. For certain types of investment companies which continuously offer securities the Investment Company Act of 1940 is amended to provide for mandatory use of prospectuses in trading transactions over a longer period.

"Prospectuses which are used more than 13 months after the effective date of the registration statement under the Securities Act now must contain information as of a date within 12 months of its use. To simplify these requirements and in many cases to require more recent information, the Act is amended to provide that where a prospectus is used more than 9 months after the effective date, the information contained therein shall be as of a date within 16 months of such use.

"The prohibition contained in the Securities Exchange Act of 1934 against extending credit to purchasers of a new issue by dealers for 6 months after the offering period is considered unnecessarily long. The amendment reduces the 6 months' period to 30 days.

"The Trust Indenture Act of 1939 requires inclusion in a prospectus of a summary of certain specified indenture provisions. Since the Commission can deal with disclosure problems through its rulemaking power, and since the substantive provisions required to be included in indentures qualified under the Act would not be changed, this requirement was eliminated as unnecessary.

"Instead of, in effect, requiring investment companies, which engage in continuous offerings of their shares, to file new registration statement under the Securities Act each year, an amendment to the Investment Company Act of 1940 will permit such companies to increase the number of their registered shares by amending their registration statements."

David Bandler Joins Halle & Stieglitz

Halle & Stieglitz, 52 Wall St., New York City, members of the New York Stock Exchange, announce that David B. Bandler is now associated with the firm. Mr. Bandler is a director and member of the executive committee of Guardian Mutual Fund, Inc., and formerly was a member of the New York Stock Exchange and a director of J. M. Fink Company, air conditioning engineers.

Kaiser Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — James M. Pidgeon has been added to the staff of Kaiser & Co., Russ Building, members of the San Francisco and Los Angeles Stock Exchanges.

The Home Builder Looks At the Money Market

By JOHN M. DICKERMAN*
Executive Director
National Association of Home Builders

Estimating 1,400,000 new homes will be required in the next decade to fulfill housing requirements, Mr. Dickerman contends adequate mortgage financing is the chief key to the housing problem. Urges savings and loan industry continue its participation in the GI and FHA financing program. Points out remarkable evolutions in home building industry and concludes, irrespective of political party in power, home building has become a principal factor in national economic policy.

The latest figures available show that in June an all-time monthly high was reached for non-farm mortgage recordings under $20,000, with more than 300,000 mortgages recorded during that month for a total of virtually two billion dollars. Savings and loan lending in that month totaled about three-quarters of a billion or 37% of all home mortgage lending—more than twice that for any other group.

John M. Dickerman

From the looks of things and reports from builders all over the country, I venture to predict that the 1954 total will be a record volume of over $20 billion; each year since the end of World War II the average increase over the previous year has been more than $1 billion.

Paralleling this increase in funds available for mortgage lending has been the considerable growth of your great industry during that period. I am pleased to note that your total assets have increased two and one-half times since the end of the war to about $27 billion. I notice too that so far this year the increasing flow of funds into savings and loans has continued, and that the net increase in the first seven months amounted to $2.3 billion, well up over last year's high record funds flow. It indicates that you will continue to be there on the job with the necessary funds as the residential building industry continues expanding to meet the housing requirements of the American people.

I want to digress for a moment to talk about those requirements. In each of the past five years new home building has boomed along at a million-plus rate. Despite some dire predictions, this year bids fair to be the second highest on record, with over 1,100,000 new homes started. I know that there are some who feel that the bloom is off the rose and that housing demand — effective demand, in economic terms, desire plus ability to pay—will fall in the remaining years of this decade. Well —this argument is based solely on a partial look at the housing market, on a bare biologic fact — namely, the low level of births in the thirties which in turn affects the level of marriages and new family formations in the 1950's —but it ignores many aspects of the problem. This argument assumes that we have already met the pent-up needs resulting from wartime limitations and depression underbuilding, that now the American people are satisfactorily housed and that production must fall off. The argument is seductive—but false—and because it is only part of the story it is like any half truth, all the more dangerous.

*An address by Mr. Dickerman before the U. S. Savings and Loan League, Chicago, Ill., Aug. 30, 1954.

Mobility of Population a Factor

Our housing requirements reflect many other factors besides net new family formations. They reflect the increasing mobility of our people and their well-known tendency to migrate in search of better jobs, more attractive climate, etc. According to the Census Bureau, in each of the past three years, more than nine million families changed their addresses, about six million moving within the same county, another million and a half moving into a different county within the same state, and still another 1,600,000 families moving to a different state. Insofar as these moves are into areas of expanding population, as is frequently the case when workers move into areas offering employment, housing shortages result.

Another factor of importance in assessing our housing requirements is the volume of substandard housing. I realize that you can get any set of figures you want on this subject. But taking the Census figures for 1950, and counting only those houses in non-farm areas which were considered "dilapidated," plus those non-dilapidated *in urban areas only* which had major plumbing deficiencies, we come up with a count of nearly seven million substandard units. Based on previous experience, the experts tell me that this figure may well be over eight million by 1960. It should be possible to bring many of these units up to reasonable standards of adequacy, but there are some which on an economic or other basis are beyond repair. The rate at which these units are replaced is another factor in our housing demand. Still another factor is losses through disaster and demolition.

1,400,000 New Homes Needed Yearly in Next Decade

Given all these factors, including a still high rate of net new family formation, we anticipate an average need over the next ten years of approximately 1,400,000 new homes per year. Add to this roughly 600,000 "new-conditioned" older homes, as a desirable target, and you have not only an industry in high gear, but one capable of meeting the greatly expanding housing demand of the mid-1960's when the swelling tide of war-born babies begin to form their own families.

Thus a vast market potential exists in home building, but we in the home building industry are fully aware that it is necessary to do something about the current market, that the potential cannot be translated into active and willing buyers without some action on the part of all of us in the industry. We know that in order to realize the full potential of that market it will be necessary for us to turn our attention to certain parts of that market which have not been too well served in recent years, despite the high building volume.

We in the National Association of Home Builders are convinced that there is a large and satisfactory market ahead of us in providing housing for Negro families, many of whom are willing and able to pay for better housing. There is a market potential among moderate-income people who have been unable to find satisfactory housing in the past at terms and prices within their reach, but who might under different circumstances be able to afford such housing. There is a market among younger and growing families in need of larger quarters, and there is a market among those now living in substandard housing who may be able to afford somewhat better housing, but who have encountered difficulty at terms and prices prevailing in previous years. There is also a potential market in the housing of our older citizens in a population such as ours in which 12,500,000 people are now over 65, which figure is expected to increase to 20 million by 1970.

What this all adds up to is an extremely large job for the home building industry. Now, the builders whom I represent are in a sense the primary consumers of savings and loan associations. At any rate, we are the liaison between the ultimate buyer and yourselves. We are responsible for producing the item—the house —which makes that buyer-lender transaction possible. The alert builder today knows that a good mortgage arrangement is as much a part of his house package as is the plumbing, or design, and that it will probably play an even more important part than these items in the sale of the house. Thus our interest in the mortgage lending business—your business— is very considerable. We need you, and by the same token — you need us.

Importance of Steady Flow of Mortgage Money

We are interested in a steady flow of mortgage money at good rates and at adequate loan-to-value ratios because that is the key to reaching our market potential. We know that each decrease — or increase — in down payments affects the size of that market. That is why we have put so much effort into the development of satisfactory legislation which would broaden the home buying base—which would make it possible for more and more people to own their own homes. Let's look at the figures on how successfully this has been done.

In 1940, only 41% of the population owned their own homes. In 1950, 51% of the population owned their own homes. In 1953, this increased to 54% and this year the figure stands at 56%.

And the people who have bought these homes are excellent credit risks. Although foreclosures had risen somewhat by the first quarter of this year, they were still at extremely low levels, slightly over 2,000 per month and only about one-fourth the 1939 level, and at a yearly rate of less than three per 1,000 mortgaged properties. VA claims paid in the first five months of this year totaled only 1,000 and were at the lowest level in five years. FHA's Section 203—that agency's major home program — saw only 114 foreclosures in the same period. And delinquencies of 60 or more days on FHA Section 203 were only 0.5% of the more than 1,500,000 units in outstanding mortgages; for VA about 1.1% of the 4,000,000 loans outstanding. Past experience indicates that nine out of every ten VA delinquencies are cleared up without reaching the claim paying stage.

We have talked about the really outstanding job which has been done so far by all segments of the industry in housing our people. We have examined the short-range and long-range potentials of the market.

Now let us examine the nature of the producer of the final product—the home builder. What kind of a businessman has he been— and is he becoming? What are the financing tools he needs to do this job we've been talking about? How can you as savings and loan executives with due regard to your duties and responsibilities help in this great task?

The Business Evolutions of Home Building Industry

The home building industry during the last ten to fifteen years has experienced — and for that matter is still experiencing—one of the most remarkable technological and business evolutions ever achieved in so short a space of time. I refer to the transformation of home building from a "craft" to an "industry," in the full sense. This metamorphosis has brought about new needs in the field of construction methods, materials, merchandising and financing. It requires new thinking, new concepts on the part of both the builder and the lender.

The acute postwar housing shortage and the need to meet the overwhelming demand for shelter set the stage for truly large-scale production of dwelling units, *before* sale rather than *after* sale. Virtually all of the other great industries have taken this step at some time in the past— food, clothing, lumber, steel and others. This business evolution has lifted home building out of the deep-rooted craft traditions and of necessity created the home building executive. This new type American businessman must be an entrepreneur, skilled in administration and efficient production and merchandising.

These operative builders, as they have come to be called, often start with a tract of raw land, improve it with streets, sewers and utilities. They obtain the finest of professionally skilled architects, search the nation over for the most favorable financing, select materials and products with an eye to sales appeal as well as to cost, schedule their production with a view to cost-saving efficiency, and launch merchandising campaigns rivalling the best that the retail merchandising fraternity can offer.

It is true that numerically this large operative builder is still in the minority but the competition which he produces — particularly

Continued on page 31

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market kept up its contrary action this week by forging to a new high for the industrials in the face of widespread expectations that a testing of the August lows was a necessary prelude to any further progress. The achievement was blunted a bit by several factors, notably an even higher degree of selectivity than had been the custom even in the rather selective advance earlier this year. For another, overall volume showed little disposition to return to the high level that prevailed all through the summer.

* * *

A bit of a surprise was uncovered when the blue chips were rather importantly featured. Not the least of these was a spectacular sprint of some half a dozen points by Goodyear to start the week off without any specific news to account for it. Apart from this rather inordinate one-day improvement, Goodyear also was able finally to post the equivalent of an all-time high eclipsing the peak reading of 1929. Moreover the bulge failed to bring out any significant selling.

* * *

GM a Strong Pivotal

Only a bit less prominent among the pivotal issues was General Motors. This issue was able to push its all-time high tag a couple of rungs higher on the ladder. The best reading of 1929 was exceeded by GM more than four years ago with something of a consolidating phase following through 1952 and 1953, when the succeeding new high edged the previous figure by a mere 25 cents. But progress was renewed this year and its best this week GM was more than a dozen points above the best of those years.

* * *

In the case of GM, the strength was strictly an individual affair with the rest of the section turning in what was considerably less than a distinguished performance. Chrysler, beyond an occasional fillip of strength due mostly to uneasiness in the large short interest, is still lolling around at a level some 30 points under its 1953 best waiting on definite signs of an upturn in the company's affairs. The independents — American Motors, Packard and Studebaker — are far more familiar with the lows of the year than with even momentary popularity.

* * *

Standard Oil of Jersey, DuPont and Westinghouse among the "average" stocks came in for enough occasional buying attention to belie the impression that their good work was over. The interest in them came when the industrial average forged through the 350 level that twice last month was the signal for enough realizing to force the list into corrective declines. This, incidentally, was the first time this year that any important obstacle to the persistent advance had been encountered.

* * *

Paper stocks went through a rolling performance as the list was combed for issues in this group that were able to move. A bit of strength was imparted to both Mengel Co. and Container Corp. on news that Container has acquired some 32% of Mengel's controlling stock. Scott Paper, International Paper and Great Northern Paper took turns in popularity. The overall change, however, was minor.

* * *

Rails continued to lag behind the industrials, which has been a year-long condition. Coast Line, Union Pacific and Santa Fe occasionally erupted on fair strength but here again little of it was lasting, and net progress was nil. Missouri-Kansas-Texas preferred was erratic as committees met this week to try to work out a recapitalization.

* * *

Pennsy Activated

Pennsylvania Railroad, however, is a different case. More and more rumors of plans for a proxy fight to bring a new management into the picture have been building up to late. No official announcements of such intentions have emerged, but the talk persists. It helped bring a marked pickup in trading interest into the issue, including a couple of appearances at the head of the most-active list. Price improvement has been fairly good.

* * *

Pennsylvania is the titleholder among American corporations in the uninterrupted dividend classification, having made some payment each year now for well past a century. The road, incidentally, has yet to make its 1954 payment to keep the string going. Despite the record, as analysts are continually pointing out, Pennsy declarations have been definitely erratic. Payments back before the turn of the century ran as high as $5 a year. The best of this century was the $4 paid in 1930. Recent payments have been as low as 50 cents in 1947 while the payment last year of $1.50 was the high point since the end of World War II. The stock has been duly conscious of this irregularity and has fallen from a high of well past $40 a share in 1946. It has been available at well under half of this price every year since.

* * *

Virginia-Carolina Chemical continues in good demand. The issue added some 20% in value during the first half of the year and has more than doubled in price since. At close to $50 a share recently, this dividend-less issue is one of the few of the secondary issues to show a massive increase over the 1946 high of less than $13. A part of the interest centers on the company's work in fields associated with atomic energy.

* * *

Stationary Aircrafts

Aircrafts accomplished little in their gyrations this week, the determined strength of earlier this year pretty well given over to what was essentially a backing and filling performance. Occasionally enough interest was apparent in one or two issues to chalk up sizable gains but these were pretty well whittled away subsequently. Bendix was one of the better acting in the group in this week's markets, but Boeing, Sperry and Bell fell back rather easily when there was selling in the division.

* * *

The first important upturn in steel operating rates since June gave the steels momentary popularity and fair buoyancy subsequently. Bethlehem, helped in part by the uncertainties of its pending merger with Youngstown Sheet, showed some of the wider moves in the group ranging up to as much as a couple of points' improvement in one session. U. S. Steel, Armco and Republic, however, were in easier reach of their year's highs than most of the others.

* * *

Oils showed occasional popularity but the progress overall was minor. At best the group offered a rising feature or so, but the general appearance was mixed and while Jersey Standard might be putting on a good show, Pacific Western Oil, for one, would be among the weaklings. Royal Dutch and Monterey, two of the newer arrivals to listed trading, continued disappointing to the followers who had expected good action following their listing.

* * *

Movie issues continued both active and stronger; Columbia Pictures, Twentieth Century-Fox, National Theatres and RKO Theatres largely responsible for keeping the list of new daily highs running comfortably over the new lows. Incidentally, there was one session this week when no issue receded to any new low price for 1954.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

New York Institute of Finance Announces Opening of Fall Term

Albert P. Squier, Director of the New York Institute of Finance, has announced that Fall Term classes will start Sept. 20 in new quarters provided by the New York Stock Exchange and the American Stock Exchange.

The Institute has been located at 20 Broad Street, which adjoins the New York Stock Exchange, for the past 25 years. That building and 24 Broad Street are scheduled for demolition around the first of the year to make way for Wall Street's newest skyscraper.

The New York Stock Exchange will provide the Institute with space at 37 Wall Street while the American Stock Exchange will make available rooms at the Exchange building at 86 Trinity Place.

In a joint statement commenting on the move, Keith Funston, President of the New York Stock Exchange, and Edward T. McCormick, President of the American Exchange, paid tribute to the Institute's contributions toward raising the professional standards of the securities industry.

"Wall Street has gone to school at the New York Institute of Finance for more than three decades," they said. "Many of today's leaders in the securities business received their training from the Institute. Young men and women who are entering the securities business today will continue to have available the resources and facilities of an educational institution devoted to the finest scholastic traditions."

The original Institute was organized in 1921 by the New York Stock Exchange for the purpose of training Exchange employees exclusively. One of the graduates of the first class was John A. Coleman, who later served as Chairman of the Board of Governors for four years and who is today still a member of the Exchange.

In 1930 the curriculum was expanded to include detailed courses in brokerage procedure and investment analysis and the school was opened to employees of member firms of the Exchange. In 1938 the school's facilities were made available to the general public.

The present Institute was formed by Mr. Squier in 1941 when the New York Stock Exchange decided the school should operate under private management.

Mr. Squier, who first joined the institute in 1929, has devoted his entire business life to investment education—except for a few years in the Navy when his sister, Edith M. Squier, took over the operation of the school.

The Institute's highest enrollment term was in the spring of 1946, when 1,200 students, mostly veterans, filled the classrooms to capacity. During the War years the average age of students was 42, with older men and women taking courses concerned with then current developments in various fields of investment.

Since 1946, the emphasis has been on training younger employees coming into the investment business. Many securities firms have an established policy of putting all new sales trainees through two courses — "Work of the Stock Exchange and Brokerage Office Procedure" and "Security Analysis."

The New York Stock Exchange requires that all of the young ladies who act as receptionists in the Exchange's Exhibit Rooms must take the Institute's course on the work of the Exchange.

During the last term 800 students attended resident classes and 750 were enrolled for correspondence courses during the school year. The resident courses are offered only in the early evening in order that the Institute can secure practicing investment men as instructors.

Most students are employed in the securities business and, to a lesser degree, in closely related fields such as banking and insurance. A few private investors have successfully completed the course but the curriculum is designed more for the professional.

Mr. Squier recalled that the most popular class ever given was taught by Patrick B. McGinnis. The course was "Receivership Rails"—Mr. McGinnis recently took over management of the New Haven Railroad after the previous management was ousted in a proxy fight.

3 With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Frank P. Burr, Veryl R. Hays and R. E. Markley have become associated with Mutual Fund Associates, 444 Montgomery Street.

With Irving J. Rice

(Special to The Financial Chronicle)

ST. PAUL, Minn.—Glen A. Peterson, Jr. has become affiliated with Irving J. Rice & Company, Inc., First National Bank Building.

Nadler Draws Ten Conclusions on Nation's Economic Horizons

Consulting economist to The Hanover Bank, in summarizing views on future economic growth and expansion, outlines ten concepts and conclusions.


Marcus Nadler

In a pamphlet entitled "America's Economic Horizons," issued by the Hanover Bank of New York, Dr. Marcus Nadler, Professor of Finance at New York University and Consulting Economist to the Hanover Bank, after discussing the factors in the present and prospective economic situation, lists 10 conclusions, as follows:

One

The economic and political leadership assumed by the United States in the struggle of the free world against Communist aggression has imposed a great responsibility on America's Government and business leaders. Not only it is imperative for the United States to remain militarily strong but it must maintain its economy at a high level and prevent serious depressions and large-scale unemployment. Experience since the end of World War II has demonstrated that the United States has met the economic test. Despite the grave problems created by the greatest of all wars, economic activity remained at a high level, employment was large and the inevitable economic readjustment of a free society were mild in character and of short duration.

Two

"Evidence is rapidly accumulating that the historical experience —that every major war is followed by a boom succeeded in turn by a serious depression— will not be repeated and that the severe and prolonged depressions of the past will not recur in the United States. This is one of the greatest victories of the free world in the cold war against Soviet aggression for it destroyed the prop on which Communist propaganda rested, namely, that the capitalistic system is suffering from inherent contradictions which are bound to lead to depressions and large-scale unemployment.

Three

"Toward the end of the Summer of 1954 the economy of the United States, notwithstanding the inventory readjustment which set in during the Summer of 1953, was sound. The index of industrial production was 25% above the base period of 1947-49. Civilian employment stood at 62 million, with hourly wage rates higher than ever before. The inflationary forces generated by World War II and the Korean hostilities were brought under control and prices, both wholesale and retail, have remained practically stable for the past 30 months. Dire predictions made here and abroad about economic developments in this country did not materialize, and disposable personal income and consumption expenditures have remained near the record established at the peak of the boom in the first half of 1953.

Four

"An analysis of the basic economic forces indicates that there are no serious obstacles on the horizon which would interfere with economic expansion and with the process of supplying the people with more goods and services. The United States economy has reached the enviable position where it can meet both the present requirements for national defense and the growing needs of the population. The country is capable of providing the increasing population with a constantly rising standard of living and can consume the commodities and services produced. The ability to supply real savings in the economic and financial sense is great and steadily increasing, and the political and social environment is favorable to the system of private enterprise.

Five

"The productive capacity of the United States is substantially higher than at the end of the war and is steadily increasing. The labor force is growing and productivity based on the large expenditures for new plant and equipment is rising at the rate of about 2½% per annum. Productivity in agriculture has increased considerably so that today farmers can produce 36% more than before the war with 22 %less labor. The country has the means to pay for all imports needed by the civilian sector of the economy and by the government for defense purposes. There is no danger that lack of raw materials, industrial equipment or labor will impede the growth of the country.

Six

"The ability of the nation to absorb the output of goods and services is greater than ever before and is rising. Real wages have increased considerably and the upward trend continues. The economic security is great. In fact the problem confronting the United States is not the ability but rather the willingness to spend more and to save less. Thus, during the first half of 1954, despite the inventory readjustment, net savings on an annual basis constituted 7.6% of disposable income as compared with 7.3% during 1953. The ability of the country to provide industry, trade, agriculture and government (except in war) with capital is huge and steadily rising.

Seven

"The currency of the United States is one of the strongest in the world, the commercial banking system is sound and efficient and capable of meeting all the credit requirements of the country. Consumer financing and mortgage financing are highly developed and contribute materially to our economic growth. The monetary authorities on the whole work in harmony and their efforts are directed to prevent inflationary as well as deflationary pressures.

Eight

"The political and social environments are favorable and the system of private enterprise free from cartels and monopolies is deeply rooted in the economic creed of the American people. Stock ownership is widespread and mutual institutions, such as pension funds, insurance companies, unions and charitable organizations, are becoming important owners of shares of the largest corporations of the country. There is no danger of nationalization, and management and labor have fully realized that they must cooperate and rely on collective bargaining for the settlement of their disputes.

Nine

"Developments since the end of World War II have proven the great inherent strength of the American economy and have thus demonstrated that the fears held particularly abroad about its volatility were unfounded. While fuctuations in production and employment will occur, the trend in general is upward accompanied by a continued rise in the standard of living. The avoidance of a depression in the United States after the longest boom in history and in spite of the great worldwide maladjustments constitutes the greatest victory of the free world in the cold war. More than that, it strengthens the faith in the system of private enterprise and in the leadership of the United States. While under present conditions, national defense is likely to play an important role in the American economy, the prosperity and growth of the country do not depend on such expenditures. A reduction, if it were made possible by abatement of international tensions, would result in a sharp cut in individual and corporate taxes, and a curtailment of the number of men and women in the armed services. It would set in motion forces highly beneficial not only to the economy of this country but of the entire free world. The strength of the American economy and its demonstrated ability to prevent serious depressions without massive intervention by the government are the greatest bulwark against Communist aggression, and assure the United States of its leadership in the free world.

Ten

"We have not abolished the business cycle. But the demonstrated success of this country in controlling cyclical fluctuations and preventing serious readjustments in production and employment offers assurance to the other free nations that the stability and progress of their economies will in the future not be adversely affected by developments in this country."

Coombs & Co. of Los Ang.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Coombs & Co. of Los Angeles, Inc. has been formed with offices at 223 South Beverly Drive to engage in a securities business. Officers are Jack R. Coombs, President, and Paul E. Viko, Vice-President, Secretary and Treasurer. Mr. Coombs is principal of Coombs & Company of Salt Lake City.

Chase National Bank Group Successful Bidder For $98,055,000 Housing Authority Bonds

A group of approximately 35 members headed by The Chase National Bank was the successful bidder for $98,055,000 of the $135,935,000 New Housing Authority Bonds sold Sept. 14, at sealed bidding by 14 local housing authorities located in nine states. The group won nine issues.

The group specified coupon rates of 2⅜% and 2½% for the bonds, which will mature serially in annual instalments over a period of from 36 to 40 years.

The bonds were reoffered to the public in two separate yield groups—Scales 1 and 2—at prices to yield from 0.65% to 2.55%.

Scale 1 ranges in yields from 0.65% to 2.50% and applies to bonds of housing authorities of Boston, Mass. and New York City.

Scale 2 ranges in yields from 0.65% to 2.55% and is applicable to bonds of the following housing authorities: Newark, N. J.; New Orleans, La.; Jersey City, N. J.; Lorain, O.; Beaumont, Tex.; Texarkana, Tex.; and Somerset, Ky.

Proceeds from the sale of the bonds will be used by the local housing authorities to retire notes issued to the Public Housing Administration (PHA) as evidence of advances made by the PHA, to retire temporary loans obtained from others than the PHA, and the remainder will be used to meet the cost of the projects.

The bonds will be secured by a first pledge of annual contributions which are unconditionally payable under an Annual Contributions Contract between the PHA and the local public housing authority issuing the bonds. The annual contributions will be payable in an amount which together with other funds of the local housing authority will be sufficient to pay principal of and interest on the bonds. The United States Housing Act of 1937, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the PHA.

The bonds will be redeemable after 10 years from their date at 104 and thereafter at prices declining in five-year intervals.

Interest on the bonds is exempt from Federal income taxes, in the opinion of counsel.

The group submitted the following winning bids:

Name of Authority	Amount	Coupon—%	Bid—%
Boston, Mass.	$29,875,000	2⅜	100.698
New York, N. Y.	28,080,000	2⅜	100.872
Newark, N. J.	18,425,000	2⅜	100.425
New Orleans, La.	9,155,000	2⅜	100.495
Jersey City, N. J.	6,890,000	2⅜	101.115
Lorain, O.	2,175,000	2½	101.68
Beaumont, Tex.	1,335,000	2½	101.934
Texarkana, Tex.	1,135,000	2½	101.917
Somerset, Ky.	985,000	2½	101.53

Major participants in the underwriting group include: Bankers Trust Company; Chemical Bank & Trust Company; Guaranty Trust Company of New York; The First National Bank of Chicago; Harris Trust and Savings Bank; The Northern Trust Company; C. J. Devine & Co.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; The Philadelphia National Bank; Mercantile Trust Company, St. Louis; J. P. Morgan & Co. Incorporated; Blair & Co. Incorporated; Barr Brothers & Co.; Dick & Merle-Smith; The First National Bank of Portland, Ore.; Seattle-First National Bank; Bache & Co.; B. J. Van Ingen & Co. Inc.; Dominick & Dominick; Carl M. Loeb, Rhoades & Co.; W. H. Morton & Co. Incorporated; American Trust Company, San Francisco; Trust Company of Georgia; Fidelity Union Trust Company, Newark; City National Bank & Trust Co., Kansas City, Mo.; Commerce Trust Company, Kansas City, Mo.; The First National Bank of Memphis; First National Bank of Minneapolis; J. C. Wheat & Co.; First National Bank in Dallas; Third National Bank in Nashville; Baker, Watts & Co.

Form Mountain States Secs.

SALT LAKE CITY, Utah — Mountain States Securities Corporation has been formed with offices in the State Exchange Building, to conduct an investment business. The firm also has a branch office in the Boston Building, Denver, Colo.

The International and Domestic Position of the Oil Industry

By J. WALTER LEASON*
Institutional Department,
Montgomery, Scott & Co., New York City
Members New York Stock Exchange

Investment analyst takes a worldwide look at the oil industry, and presents data regarding petroleum production at home and abroad. Concludes domestic oil producing companies are operating at only about half of capacity, and, theoretically, this should be the time to make purchases of crude oil producing equities, despite the near-term outlook not being altogether favorable. Finds stocks of international oil companies the most attractive values.

I would like to cover briefly the principal elements of the current and international position of the oil industry. It is a very big subject and my treatment must necessarily cover just the economic highlights as they affect security values. The present upward phase of stock prices generally began just about a year ago. Taking the prices of oil securities as measured by the Standard & Poor's Indexes, we find that from Sept. 2, 1953 to Sept. 1, 1954, the crude oil group has lagged behind the rise in the market, while integrated stocks have approximately kept pace. The good performance of the 13 integrated oil companies used is largely the result of the excellent action of the five international oil companies which account for 67% of the value of the index. The record is shown in table I.


J. Walter Leason

The reason for the relatively slower performance of the crude producing equities is to be found in reduced operations. They are now producing oil only 15 days a month and so are operating at about half of capacity. By contrast, the international oil companies which have done so well have been able to import oil into this country at a rate equal to or slightly above last year; consequently, they have not felt the full effects of prorationing in the United States while benefiting from rapidly increasing demand outside this country.

Accustomed as we are to thinking of oil as a growth industry, it was startling to read the Bureau of Mines recent report. This showed that total demand for oil products in the United States was 0.3% less in the first half of 1954 than in the first half of 1953. In comparison, consumption of oil products in Western Europe showed a 12% increase in 1953 and, on top of that, is expected to increase another 8% in 1954. Other parts of the world outside of the United States also show a favorable trend.

A World-Wide Look at Oil Industry

The way that I always like to approach the oil industry is to take a world-wide look and then try to put into the proper perspective various parts or geographic areas of the industry as they fit into the over-all picture.

First, let us look at oil as the world industry that it is. By far the most important recent developments center around the Middle East. For 1953, and without Iranian production, the Middle East produced 18.6% of the world's oil (and this had topped 20% in May, 1954). Its 78 billion barrels of proven reserves were nearly 60% of the world total. This is very conservative and excludes the recently discovered Ghawar Field in Saudi Arabia stretching 100 miles in length by 30 miles in width and containing possibly 30 billion barrels (about as much as in the entire United States) and estimates of ultimate recoveries have gone as high as 100 billion barrels.

Middle East crude now supplies about 90% of the needs of European refineries, which were formerly supplied in part by Venezuelan oil. Low tanker rates have also given Middle East oil the opportunity to enter the United States and other markets. The battle between Venezuelan and Middle East oil is unequal since Middle East wells average over 6,000 barrels a day of light crude, whereas the older Venezuelan fields produce about 220 barrels a day of mostly heavy crude. Although Venezuelan production is relatively high cost, the United States and Latin American markets are large and growing and, in fact, reached a new high production record in December, 1953. However, whereas Venezuela must look to Western Hemisphere markets, Middle East oil may compete virtually anywhere in the world. As you all probably know, it has even reached into the port of Galveston Texas.

When Iranian production stopped in 1951, the increase in production from Kuwait and Saudi Arabia not only filled the supply gap but soon each country was producing a greater quantity than ever produced by Iran. The problem of restoring Iran's production promised to be one of the most difficult ever faced by the oil industry. A solution would have to aim at maintaining the price structure and reconciling the interests of the various Middle East countries which were not willing to lower their production and income to make room for Iranian oil. The final agreement was one of economic statesmanship that shows strong indications of maintaining stability in world oil markets and politics.

Iran acqured legal rights to all of Anglo-Iranian's properties in Iran and is to receive 50% of future net profits. Iran pays Anglo-Iranian $70 million for the properties acquired and other members of the new consortium will make additional payments said to total $600 million — both payments to be made over a period of years. The new eight-company consortium gives Anglo-Iranian a 40% interest with each of five American companies — Standard Oil (New Jersey), Socony Vacuum, Texas Company, Standard of California and Gulf each getting an 8% interest; a 14% interest goes to the Royal Dutch-Shell group, and 6% to Compagnie Francaise des Petroles. Crude oil production may begin Oct. 1. Output will gradually increase from about 300,000 barrels the first year to 460,000 barrels the second year and 600,000 barrels the third year (1957). Refined product output is expected to get to a level of about 250,000 to 300,000 barrels in 1957. After 1957, the consortium will continue to take "quantities reasonably reflecting the supply and demand trend for Middle East crude oil, assuming favorable operating and economic conditions in Iran."

All of the companies in the consortium have other Middle East interests and can be expected to appreciate the problems and work towards orderly markets. As a result, particularly with the gradual entry of Iranian oil into world markets previously vacated, stability of oil prices can now be expected. However, over the longer term, a new basing point system recognizing the emerging importance of the area would be a logical development. The American oil companies concerned can also be expected to recognize the political necessity of restraint in imports and little of the oil produced may find its way to the United States.

Most of the pressure will probably be on Saudi Arabia, Kuwait and Iraq (producing 94% of Middle East oil) to allow Iranian oil a share of the market. Probably the Arabian American Oil Company in Saudi Arabia will make most market concessions since it is jointly owned by four American companies and sells its oil largely for dollars rather than the more easily obtainable sterling. It seems probable that a place can and will be found for Iranian production—especially in view of rising demand in Europe, Asia and Africa. The first year's production of 300,000 barrels daily is only 2.4% of total free world production of 12.35 million barrels in May, 1954 which in itself represented an increase of 569,000 barrels or 4.8% over May of 1953. By 1957, increased demand should absorb a 600,000 barrel increase from Iran and possibly permit some expansion elsewhere in the Middle East.

The U. S. Oil Industry

Turning to the United States oil industry, we have already mentioned the disappointing total demand which declined 0.3% in the first half of 1954. Comparisons of earnings this year will be colored by the crude oil price increase of roughly 9% in June, 1953. In the first half of 1954, oil company earnings benefited from a higher price received per barrel than in 1953. In the last half of 1954, there will be no such advantageous comparison since the price increase in 1953 had already been in effect. Furthermore, profit margins in the refining part of the business have slipped badly.

The over-all inventory position is now only fair although substantially improved from recent months. Total inventories of crude oil (Aug. 28) and products (Sept. 3) show an increase of 1.3% over last year and totaled 638,998,000 barrels. Gasoline inventories are up 8.1% over last year which is surprising in view of the larger number of cars, and residual oil inventories are up 9.2%. Crude oil alone is down 2.2% from last year.

These national figures conceal significant variations among sections of the country. For some time, I have kept estimates of net refinery profits per barrel before taxes for each of the three major marketing areas—the East Coast, Middle West, and California. It has been very disturbing to see how far profit margins have deteriorated in the third quarter of 1954 primarily because gasoline prices have been reduced to reflect excessive inventories. During the third quarter of 1954, the average refinery on the East Coast and in California operated at a loss for the first time since 1950, while refinery losses of consequence began to affect the Middle West in the second quarter of 1954 and deepened in the third quarter. To show the estimated average effect of these losses per barrel in the third quarter of 1954 (based on the average estimates in July and August), they are compared with the third quarter of 1953 in table II.

Table II

Estimate Average Refinery Profit Per Barrell Before Taxes

	Third Quarter of 1954	1953
East Coast -----	($.16)	$.18
Middle West ----	(.11)	.07
California ------	(.13)	.18

These figures should not be construed as meaning losses for oil companies. Quite the contrary is true. Refining and marketing are highly competitive businesses with normally narrow profit margins. Most money is made on production where the profit per barrell is usually over $1 a barrel. However, these figures serve to indicate that whereas refining activities have made a contribution to profits for years, a highly significant turn occurred in the third quarter of this year.

To be even more explicit, I think it fair to point out that inventories do seem to be getting in somewhat better balance except in the Middle West. In the East, gasoline inventories are only 3.2% above last year, while heating oils are 7.8% lower and residual is 12.2% below last year. It is quite probable that the price of heating oils and gasoline will be increased to restore approximately break-even operations.

The Middle West area shows a terribly top-heavy position in gasoline inventories which are 11.1% above the period one year ago. Heating oils are also higher by 5.9% than last year and residual 1.7% above last year. Little improvement can be visualized over the near term.

In California, gasoline inventories have responded to lower prices by declining sharply in recent months to a level 9.6% below one year ago. Heating oils are 7.3% below last year although they were somewhat high then. Inventories of residual oil, however, have continued to soar into the stratosphere. They are 42.0% higher than last year and 54.3% higher than two years ago. The residual picture represents a serious situation which will probably result in sharply lower prices than the current $1.70 a barrel (reduced from $1.80). In 1949, the price of residual reached $1.25 a barrel which represents a reduction of about $0.14 in the refiners profit margin. However, by that time, gasoline prices may improve.

From this summary of industry conditions, both world-wide and domestic, it is possible to draw certain tentative conclusions — tentative because we are dealing with a dynamic industry which is subject to change without much notice.

It is apparent that the domestic oil producing companies are operating at only about half of capacity and this theoretically should be the time to make purchases of crude oil producing equities. However, the stocks have not in most cases declined in reflection of lower operations — rather they have increased in price — and earnings comparisons in the second half will probably be unfavorable with continuance of present economic conditions. The increase in allowables permitted by the Texas Railroad Commission for September was less than 3% above the low August level. There is, therefore, not a reasonable basis for better market performance barring the area of response to new oil or gas discoveries. These comments apply also to those companies producing more oil than they refine.

Companies with more refining than production also face an uncertain near term outlook since their refinery margins are lower than at any time since 1949. If the most favorably situated refining companies had to be chosen, it would be those serving the East Coast.

The International Companies

This leaves the international — Standard Oil of New Jersey, Standard of California, Texas Company, Gulf, Socony Vacuum and Royal Dutch-Shell. In each case, underlying assets are enormous and the market place has refused to grant investment recognition because so much value is outside this country. While admitting a greater risk exists, this is still the area where most growth is taking place and much greater diversification and financial solidity is obtained.

Moreover, it is difficult to follow the reasoning of the market place in viewing Standard Oil of New Jersey and the other international oils at their present prices. Excluding the factor of high cash flow incomes—$14 to $15 a share before depreciation, depletion and amortization in the case of Standard Oil of New Jersey — the stocks appear cheap merely on reported earnings. Is Jersey worth only 9½ times probable earnings of $10 a share this year with a yield of over 5% from a regular $4.60 dividend and probably an extra dividend to allow payments to total $5? This stock seems far more desirable than would be the purchase of certain chemical equities yielding 3% and selling at over 20 times earnings or a number of electrical equipment, paper, glass, or utility equities also priced far higher than the international oil companies.

For their conservative prices, continuing growth and basic financial and economic strength, the international oil stocks seem the most attractive values and should continue to attract the institutional investors. It is not by sheer coincidence that they have been the most profitable oil group in the last year. However, by the nature of the strong daily demand characteristics of end products as well as the industry's ability to regulate supply to demand over a period of time, the other companies in the industry would still be entitled to long term investment consideration though lacking appeal at this time. It also seems reasonable to speculate that since the dividends of most oil companies are well secured, the abundance of investment money will probably act to support prices of most oil stocks at not far from present levels in the event earnings do decline.

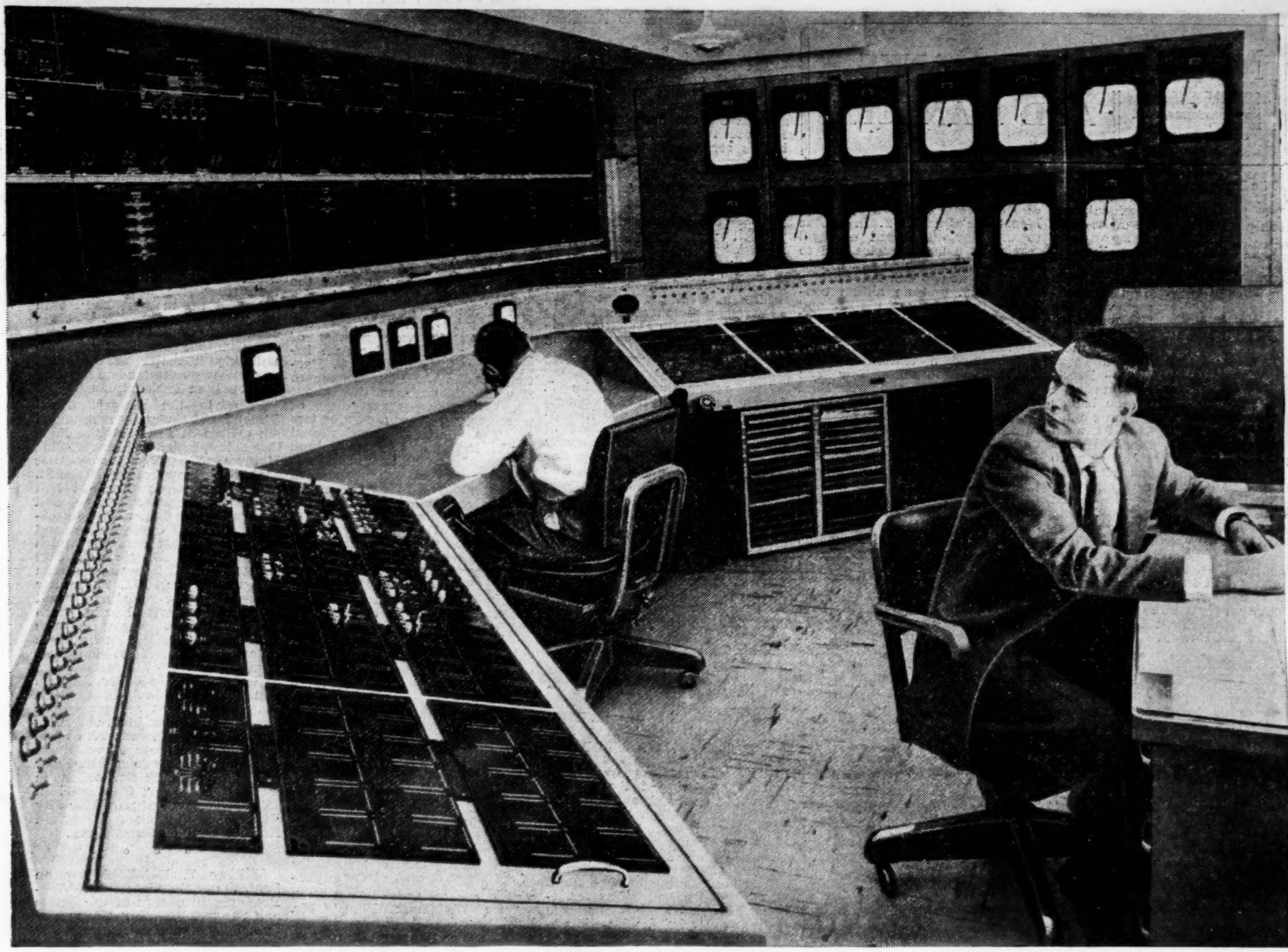
Table I

	Indexes (1937-1939 = 100): 5 Crude Oil Producers	13 Integrated Oil Companies	S & P 480 Stks.	Crude Index —% of 480 Stocks—	Integrated Index
Sept. 8, 1954	758.3	358.1	234.7	323.1	152.6
Sept. 2, 1953	627.8	271.9	181.0	346.9	150.2
% change--	20.8	31.7	29.7		

*An address by Mr. Leason before the Counsel Club in Rochester, Rochester, N. Y., Sept. 14, 1954.

Paine, Webber Starts Financial Broadcasts

Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange, are initiating a series of business-financial news broadcasts beginning Sept. 13, as an additional service to investors. These five minute programs will be heard in New York, Monday through Saturday at 7:30 a.m. on WQXR, in Boston at 5:55 p.m. on WBZ Monday through Friday, and in Detroit, a similar program will be aired on WWJ at 6:25 p.m.



NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The National City Bank of New York announced on Sept. 15 that H. C. Moore, Vice-President, has been placed in charge of its Correspondent Bank Department. Mr. Moore has been associated with the National City Bank for 25 years, most recently as Vice-President in charge of the bank's branch at 42nd St. and Madison Ave. Previous to his affiliation with National City he was a senior official of an upstate New York bank. While the primary servicing of the bank's correspondent relationships will remain under the supervision of its geographical district officers as heretofore, Mr. Moore will be responsible for coordinating and extending the bank's services to its correspondents throughout the United States, Alaska and Hawaii.

Highland C. Moore

* * *

Raymond C. Deering has been appointed a Senior Vice-President and a member of the General Administrative Board of **Manufacturers Trust Company (New York)**, Horace C. Flanigan, President of the company, has announced. Mr. Deering, who was formerly Vice-President and Comptroller of the company, also is Chairman of the Bank Management Commission of the **American Bankers Association**, a member of the Special Committee of the New York Clearing House Association, and Vice-President and a Director of the Manufacturers Safe Deposit Company. In his new capacity, Mr. Deering will be in general charge of the company's branch office system, which comprises 111 banking offices in metropolitan New York City.

Announcement was also made by President Flanigan on Sept. 13 that, Raymond A. Lockwood, a Vice-President of Manufacturers Trust Company, has been appointed a member of the General Administrative Board of the company. Mr. Lockwood has been a Vice-President of the company since 1937, and in recent years has been in charge of its Mid-Western Division. He is a graduate of the University of Minnesota and the Harvard Graduate School of Business Administration, and is a director of E. W. Bliss Company, Canton, Ohio.

* * *

Dr. Antonio Pisani was honored for 50 years of trusteeship, by members of the Board of Trustees of the **East River Savings Bank of New York** on Sept. 9, at the Manhattan Club, N. Y. In tribute to the Doctor's record of loyal service as a bank trustee and to his career in medicine and education, he was presented with a silver tray, and an album containing the history of his life and testimonial letters from some of his associates in the various fields in which he has served. Dr. Pisani was elected a trustee of the **Italian Savings Bank of New York** on Sept. 7, 1904 and was First Vice-President when the bank merged with the East River Savings Bank Oct. 29, 1932. A graduate of the College of Pharmacy of the City of New York and the College of Physicians and Surgeons of Columbia University, past President of the Columbus Hospital Medical Board, and for 33 years a visiting physician at the hospital, Dr. Pisani served as a Commissioner of the Board of Education from 1909 to 1917, has been active in the Council of Adult Education, and was President of the Italian Educational League. For his work in education for Italian immigrants, Dr. Pisani received the title of Chevalier of the Crown of Itlay from King Victor Emmanual III in 1913. He has been named "General Practitioner of the Year" by the New York County Medical Society for 1954.

* * *

The directors of **J. Henry Schroder Banking Corporation** and **Schroder Trust Company of New York** have announced the election of B. Alden Cushman and Emil Kuster as Vice-Presidents of both banks. Mr. Cushman, who joined Schroders in 1929 is in charge of the Investment Department while Mr. Kuster, who has been associated with the institutions since 1948, directs the Foreign Exchange Department. At the same time, announcement was made of the promotion of Howard L. H. Gordon from Assistant Secretary to Assistant Vice-President and of Prestley E. McCaskie from Assistant Treasurer to Assistant Vice-President.

B. Alden Cushman

Emil Kuster

* * *

The Franklin Savings Bank of New York on Sept. 9, opened its first branch office in 94 years of activity. Located on Ninth Ave. at 50th St., the new branch will increase the availability of the bank's services to residents and businessmen of the West Side. The main office has been doing business at Eighth Ave. and 42nd St. since 1860, when the bank was founded. Customers at the branch office will be served by a staff of 11 people, headed by Emil J. Sucsy and William H. Presburg, Assistant Secretaries of the bank. The office is modern in design. Over the entrance will be carved a glass medallion of the head of Benjamin Franklin, similar to the one on the revolving clock at the main office.

* * *

The resignation of John J. Lynch as Brooklyn Borough Works Commissioner and his appointment as Vice-President of the **Kings County Trust Company of Brooklyn, N. Y.**, has been announced at Borough Hall. The departure of the 57 year-old Brooklyn political fiugre from his $15,000 commissionership, will become effective Sept. 30. On the following day he will assume his new job. Chester A. Allen, President of the bank, made the announcement of the new post for Mr. Lynch, whose new offices will be at 342 Fulton St. While his departure from the official scene climaxes 36 years of public service, Mr. Lynch will remain active in politics.

* * *

At a special meeting held on Sept. 8, stockholders of **The County Trust Company of White Plains, N. Y.**, approved a four shares for one stock split, Andrew Wilson, chairman of the bank's board of directors announces. More than 83% of the 210,250 shares of County Trust stock held by 3,350 stockholders were voted with none dissenting, Mr. Wilson said. Under the stock split approved by stockholders at their meeting, stockholders of record as of the close of business on Sept. 13, 1954, will be issued three additional shares of stock for each one currently held, with the additional certificates being mailed on or about Sept. 20. Mr. Wilson pointed out that after the record date there will be 841,000 shares of County Trust capital stock outstanding at a par value of $5 per share as compared with 210,250 current shares, each at $16 par. He said that in order to establish par at $5 rather than the $4 indicated by the four for one split, $941,000 will be transferred from undivided profits to the capital stock account. Otherwise the capital structure of the bank will remain the same.

Immediately following the stockholders meeting, the board of directors approved a quarterly dividend of 12½ cents per share on the new shares to be paid on Oct. 15, 1954, to stockholders of record as of Sept. 22, 1954. This represents the equivalent of the previous 50 cents per share on the old stock. The bank's directors have indicated their intention to continue the payment of a 5% stock dividend each year that earnings permit. Such a dividend has been paid in each of the past two years in addition to the regular cash dividend. According to Mr. Wilson, the stock split, originally recommended by the directors on July 14, was prompted by a "desire on the part of the board to make the stock of the bank available to the public as an investment at a more moderate price." The stock was quoted at $110 bid and $115 asked on Sept. 7. Mr. Wilson added that even at the relatively high price County Trust stock has been active in the market, with nearly 1,200 transactions involving the exchange of approximately 24,000 shares of stock having occurred since the beginning of this year. A previous item regarding the stock split appeared in our issue of July 22, page 332.

* * *

A new and unique employee benefit plan to provide retirement pensions, widows' pensions, death and disability benefits for employees of the country's financial institutions has been revealed by **The Philadelphia National Bank of Philadelphia, Pa.** Frederic A. Potts, President of the bank described the plan, which will be known as **The Philabank Plan**, as a joint product of The Philadelphia National Bank, one of the country's oldest and largest banks, and of the **Mutual Life Insurance Company of New York**. Its development followed months of research and study by both institutions, it is announced. Participation in the Plan is open to financial institutions throughout the United States regardless of whether or not they are depositors of The Philadelphia National Bank. It is noted that a unique feature of The Philabank Plan is its departure from the standard type employee-benefit plans previously available to financial institutions in that it combines the advantages of both trusteed and insured plans. Its advantages include, according to the announcement, low-cost, individual tailoring to the needs of large and small financial institutions and application to both officers and employees.

The Philabank Plan was designed specifically, Mr. Potts stated, to provide financial institutions with a solution to the problem of competition for desirable employees. Competition of this kind is becoming more acute year by year, he pointed out. "Financial institutions," he said, "have found it increasingly difficult to attract responsible employees without offering a definite program of future benefits. Smaller institutions, particularly, have had a real problem. Their staffs have not been large enough to permit the creation of actuarially sound plans except at disproportionately heavy costs.

"The Philabank Plan," Mr. Potts, continued, "solves these problems for the small as well as larger institutions. It offers broader benefits, is more flexible and is less expensive than comparable plans. Financial institutions which may have deferred the adoption of an employee benefit plan because of heavy initial cost on behalf of employees in the higher age brackets will find The Philabank Plan particularly attractive. It does not require large initial outlays for past service liability."

One of the features of the Plan's operation is the fact that it makes use of an electronic computor—one of the much publicized "mechanical brains." This, combined with the ability to use the facilities of both institutions has resulted in the development of a program which it is said is lower in cost than any presently known. Basically, it provides:

(1) Life-time monthly retirement income.
(2) Benefits in event of death, before or after retirement.
(3) Pensions for widows, orphans, or other beneficiaries of married male employees.
(4) Temporary disability income benefits.

The Plan was announced at a conference between officials of the two institutions. In addition to officials of The Philadelphia National Bank, those present included Louis W. Dawson, President of Mutual Life of New York; Mutual Life Vice-Presidents Richard J. Learson, Clifford B. Reeves, Frank Jackson; and Richard B. Thompson, director of Module Sales; and Anthony F. Hass, manager of Mutual of New York's Philadelphia office.

* * *

On Sept. 13, the merger of the **Northwestern National Bank** with **Broad Street Trust Company of Philadelphia**, because effective, increasing the number of Broad Street Trust Company's offices to nine, and its assets to more than $100,000,000, making it Philadelphia's ninth largest bank. Hubert J. Horan, Jr., President of Broad Street Trust Company, will be President of the consolidated institution. Adolph Lorch will continue as Executive Vice-President. Claire H. White, Vice-President and Cashier of Northwestern National Bank, becomes Vice-President of Broad Street Trust Company. Other officers and employees of Northwestern National Bank will continue to serve in their respective positions. In announcing the merger, Mr. Horan said, "We are confident that the combined resources, facilities, and competent staffs of the two banks will insure better service than ever to our customers and growing Metropolitan Philadelphia."

Prior to the merger, Broad Street Trust Company maintained six offices in Philadelphia: Mid-City office, Broad and Market Sts.; Uptown office, Broad and Stiles Sts.; North Broad office, Broad St. and Nedro Ave.; Chestnut Hill office, Germantown Ave. and Gravers Lane; Banca D'Italia office, Eighth and Christian Sts.; and its new Northeast office, which opened Aug. 30, 1954 at 6824 Bustleton Ave., between Cottman St. and Roosevelt Bld. Three new offices are to be added as a result of the merger with Northwestern National Bank. They are: the Northwestern office, Broad St. & Fairmont Ave.; West Philadelphia office, 3928 Lancaster Ave.; and the Glenside office, Eastern Road and Glenside Ave., Glenside, Pa. The present merger is the latest development in an outstanding record of progress which has characterized Broad Street Trust Company since its founding. Prior mergers were with Banca D'Italia & Trust Company; Chestnut Hill Title & Trust Company; Mid-City Bank & Trust Company; and North Broad National Bank.

* * *

William F. Delafield was on Sept. 13 appointed Assistant Vice-President in charge of the Estate and Pension Planning Division of **The Pennsylvania Company for Banking and Trusts of Philadelphia**, by the board of directors. He will administer the bank's estate planning and employee benefits planning activities, as well as the solicitation of new trust business. Other appointments announced by the board were P. Foster Minster, as Trust Officer and Thomas G. Conley and Robert H. Tice, as Estate Planning Officers. Before his promotion, Mr. Delafield had been serving as Trust Officer.

* * *

The **Bank of Virginia** began its first banking day on Monday Sept. 13, as a member of the Federal Reserve System. Thomas C. Boushall, President of the bank, on Sept. 11 announced the bank's affiliation with the nation's central banking system upon approval of its application by the **Federal Reserve Bank of Richmond** and the Board of Governors of the **Federal Reserve System.**

In his announcement Mr. Boushall said:

"The directors, officers and staff of The Bank of Virginia consider that we have taken a progressive step in joining the Federal Reserve System. Our bank has been built by serving the needs of people, and voluntary membership in Federal Reserve will enable the bank to further broaden its services to businesses and individuals."

The Bank of Virginia has offices in Richmond, Petersburg, Roanoke, Newport News, Portsmouth and Norfolk. It has total capital funds of $7,473,979, total deposits of $97,169,134 and total resources of $107,200,293, accord-

ing bank figures for the close of business of Aug. 31.

Mr. Boushall further stated that:

"It has seemed desirable to us to become members of the System, which has Fifth Federal Reserve District headquarters in Richmond, by virture of our bank's stock ownership by people of Virginia. By the latest tabulation, 2,067 of the bank's total 2,492 stockholders live in Virginia, and these 2,067 own 287,328 shares of the 360,000 shares outstanding, or 79.8% of the bank's stock. Furthermore, no single stockholder owns as must as 3% of the stock."

The Federal Reserve System comprises nearly 7,000 commercial member banks (which hold approximately 85% of the nation's total banking resources), 12 regional Federal Reserve banks, with 24 branches, and the Board of Governors of the System, at Washington. The Richmond Reserve bank, of which The Bank of Virginia is now a stockholder, is headquarters of the Fifth Federal Reserve District — Virginia, West Virginia, Maryland, North and South Carolina and the District of Columbia.

The country's "central banking system," the Federal Reserve is in large measure the brain-child of two Virginians—the late Senator Carter Glass, one of the principal authors of the Federal Reserve Act, and Virginia-born President Woodrow Wilson, who signed the Act establishing the System in 1913. The Richmond Reserve bank, incidentally, was the first Reserve bank to notify the Secretary of the Treasury, on Nov. 14, 1914, that it was open for business.

* * *

Election of W. A. (Doc) Sandlin, 4909 Drexel Dr., as a Vice-President of the **Republic National Bank of Dallas, Texas,** was announced on Sept. 3 by Fred F. Florence, President of the bank. Formerly District Chief National Bank Examiner, Mr. Sandlin has resigned that position as of Oct. 1. His election as a Vice-President of Republic will become effective Oct. 4. Mr. Sandlin began his banking career as a bookkeeper in the **First National Bank, Glen Rose,** where he advanced to Cashier. He left this position to become State Bank Examiner with the State Banking Department of Texas. Later he served as Field Examiner, Chief Examiner and Deputy Banking Commissioner in this department. In 1930, Mr. Sandlin became connected with the office of the Comptroller of the Currency as Field Examiner. On a year's leave of absence from this position in 1933, he was on a tour of duty with the Reconstruction Finance Corporation, and later was on loan to the Federal Deposit Insurance Corporation. He served as Supervising Examiner for this corporation, and set up the work of the corporation in Texas. Later, he resumed his duties as Field Examiner for the Comptroller of the Currency, and was appointed District Chief National Bank Examiner in July, 1941, which position he has held since that time.

* * *

Barclays Bank (Dominion, Colonial and Overseas) announced that J. C. D. Cox has been appointed special representative in the Midlands with an office in Birmingham. His special function will be to give advice and help concerning all banking matters affecting the overseas territories where the bank is established. The bank has over 825 offices in many parts of the world including: South Africa, Rhodesia, the West Indies, Egypt, the Sudan, North Africa, East Africa, West Africa, Israel, Malta, Gibraltar, Cyprus, Mauritius and New York.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John R. Fisher is now connected with Palmer, Pollacchi & Co., 84 State Street.

New York Stock Exch. Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Herbert W. Grindal, general partner in Reynolds & Co., became a limited partner effective Aug. 31.

Harold T. White and W. J. K. Vanston, general partners in White, Weld & Co., became limited partners effective Aug. 31.

Interest of the late George N. Patrick in H. T. Carey, Joost & Patrick, ceased Aug. 31.

F. A. von Hoffman

Ferdinand A. von Hoffman, associated with L. F. Rothschild & Co., New York City, passed away Sept. 9 at the age of 56, of a heart ailment.

Edwin S. Elder

Edwin S. Elder, partner in Edward D. Jones & Co., St. Louis, passed away Sept. 2.

Cornelius Lee, Jr.

Cornelius S. Lee, Jr., a member of the New York Stock Exchange, passed away Sept. 12 at the age of 50.

With Davidson Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Howard T. Pike has become associated with Davidson & Co., 155 Sansome Street, members of the San Francisco Stock Exchange. Mr. Pike was formerly with Brush, Slocumb & Co. and prior thereto was cashier for McNear & Willard.

Britain Concerned Over World Wheat Situation

By PAUL EINZIG

Dr. Einzig, in commenting on growing surplus stocks of wheat, points out, though Britain is a principal wheat importing country, there is no rejoicing there because of the situation. Says immediate effect of substantial fall in wheat price would be increase in cost to British taxpayer in farm subsidies. Sees no benefit of lower wheat price to Britain's balance of payments.

LONDON, Eng. — Although Britain is one of the principal wheat consuming countries, it would be short-sighted to the extreme on the part of anybody in this country to rejoice over the unsatisfactory world wheat position. It is true, the balance of payments of the United Kingdom would benefit by a substantial decline in the world wheat price through forced marketing of the large and growing surplus stock. A reduction in the price of bread would tend to lower the cost of living, or at any rate it would go a long way toward offsetting a resumption of its increase which might take place otherwise as a result of the all-round rise in wages. But this is by no means the whole story. There are many reasons why intelligent people on this side of the Atlantic have good reason to view with concern the growing surplus stocks of the United States, Canada and other countries.

Dr. Paul Einzig

The immediate effect of a substantial fall in the price of wheat — which would be accompanied presumably by falls in the prices of other land products—would be the increase of the cost of British farm subsidies to the British taxpayer. Until a year ago the system operating in Britain was that of consumer subsidies. The government bought the wheat and other controlled products from foreign and domestic producers at a high price and re-sold it to the British consumers at a lower price, the loss being covered out of Budgetary resources. Under that system it was to the interest of the taxpayer that wheat prices should decline, in order that the cost of subsidies should be lower. Under the system adopted last year, however, British producers sell their products in the open market at current prices, and the government pays them the difference between those prices and the agreed prices to which they are entitled under the arrangement. This means, that as things are, a decline of wheat prices results in an increase of farm subsidies. It is the irony of fate that, while the old system was in operation, the price of wheat and other controlled farm products tended to rise, or at any rate remained reasonably steady at a high level, since the adoption of the new system under which high prices would benefit the long-suffering taxpayer, there was a sharp decline.

Even from the point of view of the balance of payments low wheat prices would not be an unmixed blessing. After all, Britain is not an isolated country but a member of the Sterling Area. The gold reserve does not depend solely on the British balance of payments but on the balance of payments of the entire Sterling Area. While low wheat prices may save foreign exchange for Britain they are liable to cause a deterioration of the balance of payments of Australia, New Zealand and other Sterling Area countries. It is difficult to estimate whether on balance the Sterling Area gold reserve would gain or lose.

Over and above all, low wheat prices would reduce the purchasing power of wheat producers all over the world, and this is bound to react unfavorably on British export trade. Indeed a really substantial decline might initiate a deflationary slump in the United States with grave worldwide repercussions. This consideration alone should more than suffice to make it clear that a sharp fall in wheat is against British interests. Even the remotest possibility of a severe trade recession in the United States would heavily outweigh any conceivable gains Britain could derive from low wheat prices.

For this reason it is to the interests of Britain as well as the United States to do everything to prevent a wheat slump, whether such slump would be regulated through the existing artificial system or would be allowed to take its course. Britain should resume her place in the International Wheat Agreement. Of course the problem of wheat cannot be viewed in isolation from that of other important primary products. There should be an agreement covering all of them, or at any rate as many of them as possible.

It is a matter for regret that the raw material committees set up in 1951 under the influence of the threatening shortages caused by the Korea boom have been liquidated. They should be revived for the examination of the opposite problem, that of the menacing declines in raw material prices through overproduction. The establishment of international buffer pools would be the most effective answer, provided that it is combined by effective measures to prevent the encouragement of overproduction by unduly high prices.

Failing the conclusion of some such agreement a great deal could be done by the principal governments acting in isolation but pursuing the same end. Indeed the whole situation could be greatly relieved by a simple re-interpretation of the purpose of the existing wheat stocks.

As things are, the growth of the wheat holdings of the United States and Canada is regarded as a grave menace and is a source of increasing anxiety. There is no reason why this should be so. All that is needed is to make virtue of necessity, or, to be exact, to make the accumulation of large wheat supplies a matter of deliberate policy. This could be achieved if the governments concerned, and other governments, were to declare their intention to accumulate large strategic wheat reserves. After all, wheat is as much an economic war potential as copper or rubber. It is to the vital strategic interests of the free nations that they should possess the largest wheat reserve for maintenance of which is practicable, well stored and well dispersed. The perishable character of wheat sets of course natural limits to the extent of its accumulation for that purpose. Improvement of storage facilities would, however, extend those limits.

The possession of large strategic reserves of wheat—and of course of other farm products which can be stored — would greatly increase the economic, political and military strength of the free world in time of war and in time of peace. One of the dangers of atomic warfare is that it is liable to destroy large quantities of essential food, and to impair its production and transportation. Strategic reserves would not be immune from this danger. But if they were widely dispersed the chances of avoiding a famine would be much better than they would be in the absence of such reserves. A country or group of countries which is well prepared from this point of view stands a better chance of surviving the devastations of atomic attacks and emerging victorious. A country or group of countries which is not well prepared from this point of view must allow for this consideration before deciding on an act of aggression.

All that is needed is to call the accumulated wheat stocks by a different name. If its accumulation is regarded as part of the general strategic stockpiling then the increase of the size of the stock may be regarded as a source of satisfaction instead of a source of grave anxiety. There is indeed a great deal in a name.

Halsey, Stuart Group Offers Railroad Bonds

Offering of $60,000,000 Illinois Central RR first mortgage 35-year 3⅞% bonds, series H, due Sept. 15, 1989, at 100%, was made Sept. 10 by a syndicate headed by Halsey, Stuart & Co. Inc. The group won award of the bonds at competitive sale Sept. 9 on a bid of 99.30%. Issuance and sale of the bonds is subject to the authorization of the Interstate Commerce Commission.

Net proceeds from the sale of the series H bonds will be applied by the company toward the redemption on Nov. 1, 1954 of all of its outstanding $60,628,000 principal amount of consolidated mortgage 30-year 3⅞% bonds, series E, due Aug. 1, 1982. The series E bonds will be called at 101⅝% and accrued interest.

The new series H bonds will be redeemable at the option of the company at prices receding from 103⅞% to par. A sinking fund also is provided for the bonds, payable if earned.

Company has been in continuous operation as a railroad company since it was opened for business in 1856. The company operates 6,537 miles of main line and branches situated in 14 states, Illinois, Indiana, Missouri, Kentucky, Mississippi, Tennessee, Louisiana, Alabama, Arkansas, Iowa, Wisconsin, Minnesota, Nebraska and South Dakota.

For the six months ended June 30, 1954, the company had railway operating revenues of $136,558,873 and net income of $7,620,115. For the year 1953, operating revenues aggregated $308,373,591 and net income amounted to $26,389,081.

Robt. Sjostrom Joins Kidder, Peabody & Co.

CHICAGO, Ill.—Kidder, Peabody & Co., securities dealers, announced that Robert A. Sjostrom has joined the firm's Chicago office, 33 South Clark Street, as a registered representative.

A member of Chase National Bank's research department for 24 years, Mr. Sjostrom headed research and security analysis for the banking, insurance, building materials and non-ferrous metals industries.

He most recently headed the Chicago office of Geyer & Co., specialists in bank and insurance stocks, representing the firm in a 22 state area.

$160,000,000 Kansas Turnpike Bonds Scheduled to Reach Market on Sept. 22

Smith, Barney-First Boston Corp.-Beecroft, Cole to Head Underwriting Group of Approximately 375 Members

Public offering of $160,000,000 Kansas Turnpike Authority revenue bonds due Oct. 1, 1994 has been tentatively set for Wednesday, Sept. 22, 1954, it was announced by Smith, Barney & Co., The First Boston Corporation and Beecroft, Cole & Co., managers of the nation-wide underwriting group which will market the issue. The underwriting group, it was indicated, will consist of more than 375 investment banking firms scattered throughout the nation. The interest rate and offering price of the bonds will be established immediately before the issue is placed on the market.

Proceeds from the sale of the bonds will be applied toward construction of the Kansas Turnpike together with financing and related costs.

The new Turnpike will be 236 miles in length and will extend from Kansas City, Kansas, to the Oklahoma border by way of Lawrence, Topeka, Emporia, El Dorado and Wichita. The superhighway will be of record length west of Chicago and will occupy a key position in the turnpike system spreading to the west and southwest. The Kansas Turnpike will be a modern, four-lane, limited access toll road, construction of which is scheduled to proceed immediately. The road is expected to be opened to the public in October, 1956.

The Kansas Turnpike Authority is empowered to collect tolls, for the use of the Turnpike, sufficient with other revenues of the Turnpike to provide funds to pay the cost of maintaining, repairing and operating the road, to pay the principal of and the interest on bonds issued by the Authority, and to create necessary reserves.

Traffic projections indicate that 7,193,000 vehicles will use the Turnpike during 1957, the first full year in which the road is expected to be in full operation, rising to 21,776,000 vehicles in 1994. Net revenues available for debt service are estimated at $7,630,000 in 1957, increasing gradually thereafter to $25,402,000 in 1994.

Housing Enters Buyers' Market

Survey shows prices have been stable although more houses are available and realtors need more time to sell most houses.

Housing has entered a buyers' market, but activity has held up well under a greater supply of houses. This was the principal finding of an annual survey of market prices in Minneapolis and suburbs by the Federal Reserve Bank of Minneapolis.

Within this market, the Bank's "Monthly Review" said, prices have been stable, although more houses are available. The transition from a sellers' to to buyers' market also has seen realtors needing more time to sell most houses, with a small percentage offered for sale again standing vacant.

Indicating that activity has held up well was the fact that realtors joining in the survey sold 16% more houses in the first half of this year than in the second half of 1953.

The survey found demand for low-priced houses has remained very strong. In the first half of this year, such houses sold at all-time peak prices, whereas those in the medium- and high-priced brackets were down 5 to 10%, respectively, from the peak.

In general the peak in prices of existing houses was reached in the first half of 1951, the report explained. Since then prices have ranged from 2 to 4% below the high mark.

Information in the survey, made in cooperation with the Minneapolis Board of Realtors, was compiled on 3,646 houses sold in the period from June 30, 1953, to July 1, 1954. Sixty per cent were classified as low-priced, 34% as medium, and 6% as high-priced.

Among survey findings were:

(1) The average price of houses sold in the survey period was up $100 from the previous 12-month average of $13,700.

(2) Houses in the low-priced bracket (ranging up to $13,500) in the second half of 1953 sold for an average of $10,400 and in the first half of 1954 for an average of $10,800.

(3) Medium-priced houses (from $13,500 to $23,250) sold at an average in the first half of this year of $16,700 compared with the $16,500 average for those sold in the second half of 1953. (The difference probably is not significant, the report observed, since there was no indication of a persistent upward trend such as was noted for lower-priced houses.)

(4) Prices of houses in the high-priced bracket ($23,500 to $65,000) also have receded somewhat from the 1951 peak. Respective averages for the second half of 1953 and the first half of this year were $29,700 and $30,300. Their average represents a decrease of approximately 11% from the peak reached in the first half of 1952.

The survey also revealed:

Demand for income properties has continued strong. The average price on duplexes rose by $3,000 between the six-month periods.

No significant difference in the trend of prices was found with relation to low-, medium-, and high-rent areas (as defined by the U. S. Bureau of the Census). Average price of houses sold in low-priced areas has held up as well as those in the other areas.

No definite price trend was detected for any real estate district which differed significantly from the general trend for the entire metropolitan area.

Each year a larger proportion of the houses sold are in the suburbs around Minneapolis. This year 60% of houses sold by realtors in the survey were in the suburbs as compared with 48% in the previous survey.

Farrell Securities Offers Oil Shares

Farrell Securities Corp., New York City, on Sept. 13 offered to the public an issue of 300,000 shares of common stock (par one cent) of Kern Front Oil & Gas Corp. at $1 per share on a "best-efforts" basis.

Of the net proceeds, it is intended that approximately $180,000 will be used to drill and complete four wells, tanks, etc., and the remainder used for working capital and general corporate purposes.

Kern Front Oil & Gas Corp. was organized June 16, 1954 in Delaware for the purpose of engaging in the production of oil and gas and primarily to acquire a 240-acre lease in the Kern Front Oil Field, in Kern County, Calif.

Wall Street Expert Cites Deterioration In Today's Soda Output

Specialist G. M. Loeb says ice-cream sodas of today don't taste anywhere near as well as those of yesteryear and submits his own recipe as to how they should be made.

In the "Chronicle" of Sept. 2, on page 25, it was noted that the Ancient and Honorable Guild of Former Soda Dispensers had recorded a Wall Street member in the person of Robert Wells Fisher, Vice-President of Blyth & Co., Incorporated. According to Dan Mahoney, the Guild's Executive Secretary and also an executive of the Lily - Tulip Cup Corporation, Mr. Fisher contributed his soda fountain talents to a Salt Lake City emporium in 1918 for the gross sum of $3 per week.

G. M. Loeb

The story in question stimulated a feeling of nostaglia in the breast of none other than G. M. Loeb, Partner, E. F. Hutton & Co., New York City, who also happens to be a member of the elite organization. In a communication to the "Chronicle", Mr. Loeb readily agrees with Mr. Fisher that soda fountains aren't nearly so much fun as they used to be and goes on to say that "certainly, sodas don't taste anywhere near as well" as did the product of former years. He became a member of the Guild, Mr. Loeb writes, "in the hope that maybe they would do something to improve modern day standards."

Never having been a member of the "Let George Do It School," Mr. Loeb has taken up the torch, and with the painstaking research that is characteristic of him, has set down his formula of just how an ice-cream soda should be made. Mr. Loeb warns that the end product will not be satisfactory unless the syrup and ice cream are of the highest quality.

Mr. Loeb's Recipe

The recipe follows:

"The glass used must be chilled. Many new-day self-styled soda jerks use a hot glass direct from the sterlizer and get a warm drink as a result. The syrup must be chilled. The water must be chilled. Sodas are meant to be taken very cold. Syrup is placed in the glass. Then one scoop and ONLY one scoop of ice cream. Under no circumstances any fluid milk or fluid cream or whipped cream. We are making an ice-cream soda, not a nondescript concoction. The ice cream and syrup are mixed with a stream from the concentrated high pressure soda nozzle. Then the glass is filled with soda and finished off with a few extra high pressure squirts. The syrup must be high grade and used in generous quantity and the ice cream must be rich.

"Very few soda dispensers know any more how to mix an ice-cream soda or, for that matter, few know the difference between a milk shake and a frosted. And in California there remain possibly only a half dozen fountains in the State that use milk and ice cream in proper proportions to get a *drink* if you order a 'frosted.' Most of them use 'ice milk,' gelatine and air to get a 'thick' stuff that needs a pipe line or a spoon to down and has practically zero real butterfat in it. I hope California fountain practices 'go west' towards Korea and do not reverse and move this way. As a matter of fact, I believe the first genuine ice-cream soda was invented in San Francisco by a Mr. Frank Maskey. He and his wife are both dead and the old business is carried on after a fashion by two of their old candy makers. They do pretty well — but not as well as their deceased boss.

"Tell your readers about it, if you will. Maybe it will help matters along."

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates on Sept. 10 offered $2,700,000 of Chicago, Milwaukee, St. Paul & Pacific RR. series SS, 2¾% equipment trust certificates maturing semi-annually Jan. 1, 1955 to July 1, 1969, inclusive. The offering is the second and final installment of a proposed issue of $7,800,000.

The certificates were priced to yield from 1.40% to 3.00%, according to maturity. Issuance is subject to the authorization of the Interstate Commerce Commission.

The entire issue is to be secured by the following new standard-gauge railroad equipment, to cost not less than $9,750,000: 39 general purpose, 1,750 hp. road switching locomotives; five road switching locomotives, 1,600 hp.; 12 all-purpose road switching locomotives, 1,600 hp.; 35 50-ton Airslide cars; 15 70-ton Airslide cars, and two romette sleeping cars.

Associated with Halsey, Stuart in the offering are: R. W. Pressprich & Co.; Baxter, Williams & Co.; Freeman & Company; Gregory & Son, Incorporated; Ira Haupt & Co.; McMaster Hutchinson & Co.; Wm. E. Pollock & Co., Inc.

Putnam Co. to Admit Brooks and Larus

HARTFORD, Conn.—Putnam & Co., 6 Central Row, members of the New York Stock Exchange, on Oct. 1 will admit John H. Brooks and Charles T. Larus to partnership. Mr. Brooks has been with the firm for some years.

Mid Continent Secs. Inc.

SALT LAKE CITY, Utah—Mid Continent Securities Incorporated has been formed with offices in the Atlas Building, to engage in a securities business. Thomas A. Helotes is a principal of the firm.

Continued from first page

Corporate Securities in the Pension Trust Picture

effects of pension fund operations on the economy.

We would probably agree on the broad concept that all of the actively employed factors of production must provide for the comfort in retirement of those who were formerly working. With the phenomenon of our aging population, we can all see how the burden of both public and private provision for those who have retired will be steadily increasing over the years. We can ask ourselves quite naturally whether this burden will be willingly borne or whether it will be defaulted, at least in part, through the process of inflation. Most of us no doubt have a strong aversion to this particular kind of bankruptcy, in which those least able to protect themselves are the losers.

The ideal solution, the one which facilitates accomplishment of a socially desirable humanitarian aim, is to have an important contribution being made to the growing productivity of the economy, out of which not too large a fraction will be needed to care for the aged. It has been traditional for the citizens of this country to take a share of their rising standard of living in the form of leisure time rather than goods and services. It would be entirely consistent for them to share with older generations a portion of the long-term gains. The pension mechanism may well serve this purpose if the funds are placed in types of investments which contribute to dynamic technological progress and a strongly rising trend of efficiency in production.

The media for accomplishing this favorable result in some degree can be industrial pension funds invested principally in corporate securities. Corporate investment is not, of course, the only contributor to growing productivity. For example, a new toll road will stimulate and expedite the flow of commerce. A new school will raise the level of comprehension and skill of the working populations. A flood control project will bring new land into cultivation and stabilize the demand for goods on the part of those employed in agricultural pursuits. Home mortgages will be the means of enhancing the health and competence of individual workers. Securities issued for all of these purposes are productive in some degree and facilitate achievement of the main objective of a rising standard of living. Investments, in industrial processes and activities, however, make a more direct contribution and provide a substantially greater stimulus to productivity gains. The acquisition of a cost-reducing machine tool, the introduction of a new process or product, or the expansion of an existing facility to broaden the scope of operations might represent the ideal cases.[1]

Investor Preferences

Thus, it is easy to develop a theoretical basis for private pension funds, being predominantly invested in the securities of private corporations. However, the people making the decisions in the individual pension trust are seldom consciously concerned with such broad economic questions. Rather, they are intent upon making sound investments which will provide a good rate of return over an extended period of years. By and large, that means buying corporate securities, and this type of investment suits the background of both the company creating the pension trust and the trustee carrying out the investment program.

Whether the investment manager is a trust company or a special department of the company operating a self-administered plan, the individuals who arrive at the specific investment decisions have a fairly common background and experience. They share a close familiarity with industrial and financial developments having a bearing upon the capital markets; they are thoroughly accumstomed to forming judgments as to the relative merits of different corporate issues; and they are attracted to familiar and accepted investment media by the superiority in yield as compared with public securities.[2] Many companies look favorably upon corporate securities because of their knowledge of the firms which issue them. Appraising the competence of business managements, the most difficult yet most essential single factor to consider is a continuing process in the course of extending trade credit and evaluating suppliers.

To indulge this preference for corporate securities, there has been available to pension trust investment managers a very large supply of new issues during the postwar years. It is not surprising, therefore, that new bond issues, including direct placements, have been the principal outlet for funds accumulating in pension trusts during this period of rapid growth. It is probable that pension trusts absorbed at least $750 million of corporate bonds in an active year like 1953, and that corporate equity securities took care of perhaps another $350 million of the annual inflow. The influence of these funds in the corporate bond market has been clearly visible but not especially dramatic. The market has been broader and undoubtedly more stable than it otherwise might have been during these years, and no doubt the resulting levels of yields has been important in driving other institutional investors more heavily into the mortgage market. The contribution to financing the boom in commercial and residential construction, therefore, has been substantial, but indirect.

More interesting and controversial, by far, is the question of the effect on the economy of the growing volume of equity investments by pension fund trustees. In the preferred stock type of senior equity security, there is only limited inclination to match the bids of buyers who enjoy tax benefits and some advantages from the more limited exposure to market risks. Since price fluctuations are of much less concern in a pension trust, the trustee is strongly disposed to go directly to junior equities for most of the investment outside the bond field.

A New Era for Common Stocks?

There is nothing new about pension funds buying common stocks, but the amounts involved have recently given headline attention to an activity which previously was of negligible significance. It has become the height of fashion in appraising the market for high-grade equities to attribute any protracted advance in prices to the persistent absorption of stocks by pension trusts. The influence of the mutual funds too often receives second billing, although it is statistically more impressive with net sales of shares at a $350 to $400 million annual rate. Also, such untabulated groups as personal trusts, endowment funds, and the ubiquitous "all other" category receive only a passing nod.

The popular conception has a refreshing and convienient simplicity. Pension trust money flowing into the market place, in addition to funds from all of the usual sources, first mops up the floating supply of good quality stocks and then bids for equities strongly held either by a similar investors or by individuals who have confidence in the future and an aversion to paying capital gains taxes. This added factor in the demand for stocks, it is pointed out, may be modest in relation to the total volume of shares outstanding, but it is quite substantial in relation to net new issues of equity securities. Furthermore, the effect is cumulative, since, in the aggregate, stocks so acquired do not return to the market place.

The argument runs that this concentrated buying of "blue chips" will drive their prices to the point where yields shrink drastically. Even now a representative portfolio of dynamic equities produces a rate of return little difference from that available from a variety of sound, fixed-income securities. The big question of the moment is whether funds will "slop over" into lesser quality, higher yielding stocks. If this does not happen, then it would appear that the strong, well managed companies will have access to equity capital at very low cost, while others having less well established reputations will still be paying a high price. Can this lead to concentration of industry, unbalanced development, and stunted growth for the new enterprise?

This is the current bugbear of pension trust investing. It causes almost as much concern as the predecessor ghost: the fabulous $300 billion required to fund all pensions for all workers from here to eternity. While causing some concern lest there develop too great a differential between the bluest of blue chips and just plain chips, the current concept also has a happy side which imparts a warm glow to the enthusiast on equities. The regularity of buying associated with a fairly steady inflow of investible funds argues for much greater stability and secular strength in the market for common stocks. It contributes to a comfortable kind of a "new era" philosophy which emphasizes the substitution of thoughtful, long-range professional investors for highly emotional, erratic, and temperamental stock traders. The logical assumption that sober stock investing on a yield basis will ultimately change the character of the market to one of reduced volatility, steady growth, and greater freedom from speculative impulses is stimulating to the imagination and most agreeable to everyone interested in the market for equity securities.

Ceiling Unlimited for Equities?

The question which naturally occurs to the skeptic is whether we are engaging in one of those mass self-deceptions which permeate the security markets from time to time. Is this institutional market for equities a mirage like the stock market "new era" of 25 years ago? Is this idyllic picture a facsimile of reality or the figment of wishful thinking on the part of an incurably optimistic group free at last from the depression psychosis of the 1930's?

In the first place, a part of the picture is real and factual, but it should not be exaggerated. After all, four days of trading on the New York Stock Exchange represents a year's total of pension trust buying of common stocks. Nevertheless, we know that a steady and substantial flow of funds is coming into the hands of thoughtful, experienced investors who firmly believe in the soundness of equity investments for the long pull. There should be at work in the equity markets the continuing influence of deliberate, solid buying. To this extent, there is a net contribution to the breadth, stability, and sobriety of the market place. The corollary of this concept is, however, that these investors will not make purchases of shares at ridiculous prices. There must be, as there is today for example, persuasive evidence that good values exist. Prices must be reasonable in relation to a sane appraisal of current and prospective earning power. Buying is voluntary, not compulsory, and alternative investments are always available.

This suggests that the gaudy picture of a boiling bull-market reaching down into the lower grades of equities is off-color to the extent that pension funds are presumed to be prime movers in the development. To attract this buying, stocks must be for sale at prices which afford the prospect for a high rate of return over a period of years. Stocks, like any other commodities, can become priced out of a particular market.

Such a development seems highly unlikely, however, because the situation is self-correcting eventually. As corporate managements gradually have their confidence restored in the ready availability of equity capital from a broad and less erratic market, they will be willing to increase the payout of current earnings in the from of dividends. The substitution of new stock issues for even a modest fraction of internal financing of expansion would quickly correct any tendency for an imbalance to develop between the supply and demand situation in market for equities. Most observers will probably agree that such a trend toward less internal financing would be healthy for the economy.

Concentration of Buying

Even though many lower grade stocks may not feel the impact of pension trust buying, the fear, or perhaps more properly the hope, is expressed that the favored group of quality stocks will sell at premium prices. This expectation also rests on doubtful assumptions. In practice, pension fund trustees have quite divergent ideas on the emphasis which they like to give to different industries and companies. Because the stock portfolios are not displayed for advertising or promotional purposes, there is no advantage in being able to show ownership to the most popular names. On the contrary, the premium is on finding the best values whether they are highly popular or attract no following at all. Long-term performance is measured in terms of actual results as compared with buying composite averages or the market as a whole. There is no premium on being different just for the sake of being different, but there are sound incentives for a continuing search for good values throughout the length and breadth of the market.

The point can be illustrated by the diversity of selections shown by trust companies in their common trust funds. These funds are not pension funds, yet they furnish an illustration of the type and quality of equities which are considered eligible and appropriate for use in broadly diversified portfolios. Only five stocks were held by as many as 100 of 130 such funds at the time of the most recent survey.[3] Out of a grand total of 591 different equities held, only 15 were held by as many as half of the funds. Considering the fact that the market value of the junior equity of General Motors, for instance, is in excess of $7 billion, is not the real surprise that 23 funds did not own it, rather than that 107 did?

It is a mistake to think of pension fund trustees as hidebound slaves to tradition and precedent. They have the experience and the necessary foundation to become innovators within the conservative framework of their operations. The wisdom of their concentration on better grade equities should be judged by the objective test of the record. It is quite clear that in recent years the best managed companies and those financially strong have produced superior results in terms of earnings and dividends. In concentrating their investments in these types of stocks, then, pension fund trustees have simply been helping the securities markets to function by allocating capital to the most productive users.

How Venturesome?

Much greater difficulty is found in appraising the amount of truly venturesome capital at work in pension trusts. Although this is perhaps the most interesting of all the effects on the economy to measure, there is a great lack of information on the kind of a yardstick to apply. For example, it may be convincingly argued that the biggest gambles on research and on the development of new products are taken by established, financially strong corporations. There is likely to be more money for truly blue-sky ventures in the well filled treasury than in the piggy-bank.

But we must never overlook the leavening influence and the dynamic inpulses imparted to our economy by the enterprising individual who is devoted to his work and impatient with the bureaucracy of business. The problem of enabling him to start and to grow is not, however, soluble in the capital markets. His case requires the thoughtful and sympathetic consideration of those who plan the structure of taxation. Even when his firm has reached the first stage of maturity, pension funds are not likely to be a source of capital. However, individuals and venture capital firms will be better able and more inclined to liquidate seasoned equities in a market strengthened by pension trust buying in order to take on more speculative stocks.

Thus, it matters little in terms or aggregate supply whether pension trust funds come into the market with a venture or a seasoned equity label. In any event, they add to the stream of available funds. A sensible legal framework for institutional investment and a tax structure not oppressive on risk taking will permit this stream to flow in all directions. The greater the volume of equity capital, of course, the greater will be the assurance that every economically sound venture will be financed.

Conclusion

Sound corporate securities are, then, entirely appropriate for industrial pension trusts both on broad economic principles and on the exercise of prudent investment judgment. The influence of these funds in the capital markets has been increasingly markedly. Corporate bonds have been the principal outlet during the postwar years, but the market for equities has also been strengthened by pension trust buying. As was clearly demonstrated during the period from the fall of 1946 through 1949, the equity capital

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1 This kind of an investment may also span the gap in time between the current contribution and the future pension payment; several years may elapse before the productivity gain is realized.

2 As a consequence, pension trusts are not likely to be helpful to the Treasury in its debt management problems. When the private demand for money is strong, pension trusts are seldom receptive to buying the government bonds which the Treasury might like to sell outside the commercial banking system. Conversely, the appetite of pension trusts for government securities is likely to be stronger when the Treasury might be well satisfied to finance through the banks.

3 "Common Funds Hold 591 Equities," *Trusts and Estates*, vol. 93, p. 114, February 1954.

market badly needed new sources of money such as the pension trusts and mutual investment funds. Only recently has there been an adequate flow of institutional investment money into the equity as well as the debt segment of the capital markets. As a consequence, there has been a drastic decline in the cost of equity capital as compared with the interests cost of debt.

These developments do not herald a new era in the bond market or in the stock market. There is no evidence that instability, particularly of the short-term variety, has been materially lessened in either market. Over a period of years, however, greater institutional participation in the market for equities may enlarge its capacity to handle new issues and reduce the extent of reliance on retained earnings to finance corporate expansion projects. Thus, we continue to make progress in enlarging the breadth and flexibility of the capital markets, a development which augurs well for the future of a dynamic economy.

Southeast'n IBA Group Receives Nominations

BALTIMORE, Md.—The Southwestern Group of the Investment Bankers Association of America will hold its 34th annual meeting on Sept. 25 at The Homestead, Hot Springs, Va. Nominated for officers for the coming year were: Chairman, Wilfred L. Goodwyn, Jr., Goodwyn & Olds, Washington, D. C.; Vice-Chairman, Roderick D. Moore, Branch, Cabell & Company, Richmond, Va; Vice-Chairman, Charles H. Pinkerton, Baker, Watts & Co., Baltimore, Md.; Secretary-Treasurer, W. O. Nisbet, Jr., Interstate Securities Corporation, Charlotte, N. C.

W. L. Goodwyn, Jr.

In addition to the above officers, the committee has nominated for election to the Executive Committee: Edwin B. Horner, of Scott, Horner & Mason, Inc., Lynchburg, Va. (for three year term); LeRoy A. Wilbur, Stein Bros. & Boyce, Baltimore, Md. (for one year term); James H. Lemon, Johnston, Lemon & Co., Washington, D. C., Ex-officio; Joseph W. Sener, John C. Legg & Company, Baltimore, Md., Ex-officio.

Members of the nominating committee presenting the slate were James H. Lemon, Johnston, Lemon & Co.; Washington, D. C. Chairman; Edward K. Dunn, Robert Garrett & Sons, Baltimore; Walter W. Craigie, W. Craigie & Co., Richmond.

The annual business meeting is being held during a conference of the group on Sept. 24, 25 and 26, and considerable effort has been made by Harvey B. Gram, Jr., Johnston, Lemon & Co., and W. Wallace Lanahan, Jr., Stein Bros. & Boyce, Co-Chairman of the Meeting & Entertainment Committee to make this an enjoyable gathering. Mr. Murray Hanson, General Counsel of the Association, and Senator John Marshall Butler of Maryland will speak briefly at the business meeting, and T. Jerrold Bryce, President of the National Association, will speak at the dinner meeting Saturday evening.

Franklin B. Evans

Franklin B. Evans, limted partner in Hornblower & Weeks, passed away Sept. 4.

Barrett Herrick & Co. Offers Mining Shares

Barrett Herrick & Co. Inc. yesterday (Sept. 15) offered 600,000 shares of 50-cent par value sinking fund cumulative preference stock and 300,000 shares of 10-cent par value common stock of Petaca Mining Corp., priced at $3 per unit of two shares of preferred and one share of common.

Proceeds from the sale of securities will be used to complete construction and equipment of a mill, to provide working capital for mica milling operations, to retire 40,526 shares of preferred stock presently outstanding, and for exploration of Utah uranium claims.

The preference stock is redeemable at $1.50 plus accumulated dividends, upon 30 days notice.

The company's principal business will be mining, milling and marketing mica from its Petaca mining claims or from owners of nearby claims. Mica is widely used in electrical apparatus, heating appliances, paints, radio and television sets, and lubricants. Southwestern Engineering Co., Los Angeles, has tested the company's ore and has designed a mill now being built at Petaca in Rio Arriba County, N. M., capable of handling 300 tons of raw ore per day. The company also expects to concentrate columbite, tantalite, monazite, all subject to government purchasing programs, and other rare minerals which may be found in its ore deposits.

Joins Stanley Heller & Co.

Stanley Heller & Co., 30 Pine Street, New York City, members of the New York Stock Exchange and American Stock Exchange, have announced that Samuel Spring, formerly with Edward A. Purcell & Co., has become associated with the firm as a registered representative.

Stanley H. Sinton

Stanley H. Sinton, limited partner in J. Barth & Co., passed away Sept. 9.

Riecke Sponsors Phila. Telephone Quotes

PHILADELPHIA, Pa. — Investors now can get the latest stock market information 24 hours a day by merely phoning Rittenhouse 6-4888 in Philadelphia.

Through a new service inaugurated this week by H. A. Reicke & Co. Inc., members of the Philadelphia-Baltimore Stock Exchange, callers of the Rittenhouse number will hear a recorded summary of the latest stock market news. This summary will be revised at various times throughout the day to keep it current.

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The Government and Municipal Bond Market

Federal Reserve Board finally persuaded the Treasury Department that maintenance of the fixed prices above par at which it was then purchasing long Treasury issues should be discontinued in order to halt the inflationary impact of the System's purchases of these issues. The now famous "accord" in March, 1951, was the start of the return to flexible markets for Government issues.

For the first time since 1941, Treasury bonds sold below par. This slowed down the liquidation of long Government bonds by financial institutions unwilling to take the loss involved in sales at a discount. Restrictive moves by the Federal Reserve System continued except for the minimum seasonal supplying of credit until the spring of 1953 when these moves reached their culmination. In the first four months of 1953, not only through its actions but also through statements made by top Federal Reserve officials, the market was put on definite notice that every attempt would be made to halt any inflationary pressures as far as monetary policy could accomplish this objective.

At the same time, Treasury authorities expressed their willingness to permit the market for Government securities to seek its own level, and also expressed their willingness to have the Treasury compete for its funds with other borrowers. An offering of long-term 3¼% Treasury bonds was marketed in April, 1953, for cash and in exchange for certain maturing savings bonds. Unfortunately, the cash portion was largely allotted to speculative subscribers.

This, plus the continuing tightening of money and the increase in the interest rates for new issues of non-Federal securities resulted in the issue selling below par before May 1, the date of payment.

In the middle of May, 1953, the monetary authorities took official notice of the fact that the period of inflation had come to an end and that tight money would only add to the deflationary trend that had developed. The first steps to reverse the tight money policy were taken through open market purchases of bills. The realization that the Treasury's cash needs would be considerably larger than had been estimated earlier, as well as the continuation of the downward drift in business caused a drastic reversal in Federal policy in June. Reserve requirements were reduced, the discount rate was lowered, and the Federal Reserve Board stated publicly that it would supply all the base for credit for capital expansion, building construction, and commercial borrowing needed to encourage business activity. There has been no change in the Federal Reserve's policy since that time. Further decrease has since been made in the discount rate, and in June of this year another reduction in reserve requirements was announced, at which time the following statement was made by the Board:

"This action was taken in conformity with the Federal Reserve System's policy of making available the reserve funds required for the essential needs of the economy and of facilitating economic growth. The reduction will release a total of approximately $1,555,000,000 of reserves. It was made in anticipation of estimated demands on bank reserves during the summer and fall, taking account of probable private financing requirements, including the marketing of crops and replenishment of retail stocks in advance of the fall and Christmas sale seasons, as well as the Treasury's financing needs."

Description of Treasury Securities

Before discussing the pesent market in Treasury securities and the functions of dealers, a brief description of Treasury issues and the principal categories of investors owning and trading in each type should prove of value. The Government securities market, of course, deals only in negotiable issues. Non-marketable issues, such as the various series of savings bonds, savings notes, and the special issues sold directly to the Treasury's trust funds, while redeemable at the option of the holders either on demand or after a fixed period of notice, cannot be transferred from one holder to another, and therefore lie outside the scope of this discussion.

(1) **Treasury Bills** — Treasury bills are limited in maturity to a period of one year or less. They are issued on a discount basis and the return on the investment is the appreciation between the price at which they are purchased and their maturity value of 100. With the exception of tax anticipation bills issued from time to time to finance temporary Treasury needs, bills are currently issued with a maturity of 90 to 92 days. When a holiday does not interfere, the maturity is 91 days. At present, there are 13 weekly series of $1½ billion each. They are offered at a competitive auction each Monday for payment every Thursday. Bills are held primarily by commercial banks, the Federal Reserve System, and non-financial corporations, although at times long-term investors such as insurance companies and savings banks use them for the employment of temporary funds.

Bills provide a highly liquid investment for short-term funds with relatively little market risk. They are used by commercial banks primarily for the investment of secondary reserves, and by corporations for the employment of temporary funds or for accumulations against future tax liabilities. Bills are the principal medium through which the Open Market Committee moves to adjust the volume of bank reserves; their purchases in the market increase such reserves, and sales to the market take reserves out of the banking system.

As a result of recent developments, particularly the change in dates of corporate income tax payments resulting from the Mills Plan, non-financial corporations have become the principal holders of Treasury bills. At the end of 1950, before the Mills Plan went into operation, "other investors," in this case primarily non-financial corporations, held $7,900 million Treasury bills out of a total outstanding of $13,600 million. At the end of 1953, they held $11,400 million and at the end of May, 1954, had increased their holdings to $12,800 million out of a total outstanding amount of $19,500 million.

Tax anticipation bills have been issued from time to time by the United States Treasury to finance its requirements prior to the dates when large payments of taxes are received. At present, there are none of this type of bill outstanding.

(2) **Treasury Certificates of Indebtedness** — Certificates of indebtedness are also issued with a maturity not over one year. Those outstanding at the present time, with the exception of one tax anticipation series, have been issued for that period. They carry one coupon payable at maturity. All regular series of certificates of indebtedness now outstanding were issued in refundings of maturing Treasury securities during the past year. In order to assure a successful refunding, they have been priced when offered to yield a return which would result in some premium in the open market. This resulted in maturing issues having a market, or "right" value above par because of this exchange privilege. For this reason, certificates of indebtedness frequently sell in the market at a yield which appears on the surface less attractive, when the maturity is considered, than do the Treasury bills which have no right value. The same fact influences the market prices of Treasury notes and bonds as they near maturity.

While not quite as liquid as Treasury bills, experience has shown that certificates of indebtedness can, under almost any circumstances, be quickly and easily liquidated when the holder requires cash. They are used in general by commercial banks and non-financial corporations for investment of a substantial portion of their short-term funds. The Federal Reserve System also has a large holding of certificates of indebtedness, but for the present at any rate, the Open Market Committee is not using them in its market operations.

As is the case with Treasury bills, non-financial corporation holdings of certificates of indebtedness have increased substantially since the start of tax payments under the Mills Plan. Holdings of "other investors," largely corporations, increased from $1,400 million at the end of 1950 to $6,700 million at the end of May, 1954. Non-financial corporations are also substantial holders of the issue of 1% tax anticipation certificates maturing March 22 next year which can be used, with full payment of interest credit to maturity, for payment of taxes March 15, 1955.

(3) **U. S. Treasury Notes** — Treasury Notes are issued with a maturity of longer than one year but not more than five years. They are primarily of interest to commercial banks that wish to keep a portion of their funds in such comparatively short maturities. Bank holdings will vary with the availability of loans. They will also vary with the level of interest rates and the prospect of change in the level of yields and in the relationship of the volume of risk assets to the bank's capital funds. If risk assets are large in terms of capital funds, banks will tend to keep their security portfolios shorter; if the reverse is true, banks will tend to lengthen the maturity of their portfolios in order to obtain a higher return from their investments. As a result of the Treasury's policy of lengthening the maturity of its debt whenever possible, there has been a substantial increase in the volume of notes outstanding since the present Administration came into office.

(4) **U. S. Treasury Bonds** — Treasury bonds are not restricted by law as to date of maturity. It has, however, been the policy to issue them only with maturities of five years or longer. Intermediate maturities, that is, those originally offered to mature in from five to ten years, are purchased largely by commercial banks. Those with maturities over 10 years are held principally by financial institutions such as savings banks, savings and loan associations, insurance companies, private pension funds, public pensions funds, and other public funds of various types. In States where individual savings are held largely in the commercial banks, the banks also hold longer-term Treasury bonds. At the present time, because of the availability to savings banks, insurance companies, and private pension funds of other investments which afford a better return, public funds are by far the most active purchasers of long-term Treasury bonds. In many instances such funds are limited to investment either in Government securities or certain specified state and muncipial obligations.

Although insurance companies still hold substantial dollar amounts of long-term Treasury bonds, they have been liquidating them continuously since 1946 as other better-yielding investments have become available. Insurance company holdings of Treasury bonds sold primarily as "tap" issues during the War have declined from $16,900 million at the end of 1946 to just about $5 billion at the end of May, 1954.

Mutual savings banks also have liquidated a substantial part of their holdings of these same securities as other investment opportunities, particularly real estate mortgages, have become available. Their holdings of these same issues declined from approximately $8 billion at the end of 1946 to a little over $5,600 million on May 31, 1954.

In recent months the Treasury has used bonds maturing in periods up to approximately eight years, as well as Treasury notes, to raise part of the cash it required and also to refund maturing securities. This has resulted in a substantial shift of Treasury indebtedness from short-term to intermediate-term obligations. Commercial banks have been the principal subscribers to these notes and intermediate bonds.

Since March, 1941, income from all U. S. Treasury securities has been subject to full Federal income tax although exempt from state and municipal income taxes. There are still outstanding several issues of partially tax-exempt bonds issued prior to that date. These issues, while subject to surtax, are exempt from the normal tax, which is important only in the case of corporations where the current normal tax rate is 30%.

Various agencies of the U. S. Government also issue securities which, with the exception noted, are not obligations of the U. S. Treasury:

(1) **Commodity Credit Corporation** offers from time to time certificates of interest secured by non-recourse loans which it had purchased.

(2) **Federal Intermediate Credit Banks** issue short-term debentures. These banks make loans to and discount paper for the Production Credit Association, the Bank for Cooperatives, agricultural credit corporations, and similar financial institutions. They also make certain types of loans to farmers' cooperative associations, but do not loan directly to farmers or in any way conduct a general banking business.

(3) **Federal Land Banks** issue bonds generally maturing in from one to five years. The banks make loans to farmers for the purchase of land, equipment, buildings, etc., with first mortgages on farm properties as security.

(4) **Central Bank for Cooperatives** issues debentures with various maturities. This bank makes and services loans to cooperative associations owned by farmers who are engaged in various phases of farm activities.

(5) **Federal Home Loan Banks** issue debentures generally maturing in eight months or less. These banks make secured or unsecured loans to savings and loan associations, building and loan associations, and other similar organizations that are members of the Federal Home Loan Banks System. Advances made to member institutions with maturities longer than one year must be secured by home mortgages or U. S. Government securities.

(6) **Federal Housing Administration** issues the debentures of its various insurance subsidiaries. These are exchanged for defaulted FHA guaranteed mortgages and mature in from 10 to 20 years. The are callable on any interest date on three months' notice and are fully guaranteed by endorsement by the U. S. Treasury.

Present-Day Market in U. S. Treasury Securities

This brief, sketchy resume of the history of the government securities market and the description of the various types of Treasury issues, I trust, have given you sufficent background so that it ill be relatively easy to picture the government securities market as it operates today. As noted previously, the market began to assume its present shape with the increase in the investment in government securities by commercial banks and other financial institutions during and after World War I. At that time, a considerable percentage of the dealings in U. S. Government bonds was conducted on the floor of the New York Stock Exchange. As the size of the debt and the volume of transactions in the market increased, more and more of the activity has taken place in the over-the-counter market, until today (although all U. S. Government bonds are still listed on the Exchange) practically all trading takes place in the over-the-counter market.

This market includes a number of dealer firms and several of the large banks that operate government bond departments. The major dealers, as well as these banks, maintain primary trading markets in all government issues and act as principal; that is, they purchase and sell for their own account. They accept the risks of market fluctuations which at times have been very considerable. They attempt to adjust their positions in accordance with their opinion of the trend of money rates, the immediate supply of or the demand for issues in the various maturity categories and prospective purchases or sales by all types of financial institutions holding Treasury issues.

It may be helpful to think of them as merchants whose stock in trade are the various government securities.

Dealers trade directly with institutions or any other large funds that have an interest in this market. They also check constantly with each other and trade among themselves. This tends to keep the quotation of all major dealers for individual issues at practically identical prices at any given time.

The Treasury market furnishes holders of government securities the means of adjusting their investment portfolios to their immediate needs.

It offers institutions requiring funds for any purpose a quick, broad, and substantial market in which to raise cash.

It offers institutions with funds to invest for any purpose where government securities are desirable a market generally big enough to supply their requirements no matter how large.

Because this market is extremely fluid under normal circumstances, dealers, in spite of the market risks they assume, are able to operate profitably and still furnish a market to their customers with a narrow spread between the bid and offering prices. In bills, for example, the spread normally varies from two to 10 basic points, depending to some extent upon

the maturity of the individual issue. This represents a differential of somewhere between $20 and $50 per million in the price at which a dealer will buy and that at which he is willing to sell. In Treasury certificates and shorter notes, this spread usually varies between 1/64 of 1% and 1/32 of 1%, or $156.25 to $312.50 per million. In the longer issues of notes and bonds, this spread will vary from 1/32 of 1% to 4/32 of 1%, depending upon the maturity, the state of the market, and the volume of activity in the particular issue involved. These spreads represent a difference of from $312.50 to $1,250 per million.

Of course, dealers in most instances do not purchase and sell at the same time. They may find it necessary to hold securities which they have purchased for several days before they are able to dispose of them, and at times they will find themselves short of an issue which they have sold to a customer. Part of their service is to supply a market on both sides to institutions whether or not this fits their own position at the moment. Since dealer inventories under normal circumstances are quite large, substantial capital is required to finance the maintenance of active and sizable markets. This is one important reason for the limited number of major dealers in this field.

Most major dealers issue quotation sheets similar to the one which has been distributed to you today. These are mailed daily to all of the large financial institutions and banks in the country. They show not only the closing prices of that day but also the yields at the offered side of the market, thus enabling investors to determine which issues appear to them the most attractive or which fit their immediate purpose most satisfactorily. They also, of course, indicate to the investor those issues which at the then current level of the market are the best to liquidate if a sale is contemplated.

Dealers in the government market also have other important functions:

(1) Dealers furnish the Open Market Committee with a tool through which it can operate to supply or restrict the amount of credit available. The Open Market Committee uses dealers to purchase and sell securities (generally short-term and at the present time only Treasury bills) for its own account.

(2) Dealers enable the Federal Reserve to supply funds to the market in temporary periods of tightness. This is done by means of repurchase agreements under which the Federal Reserve agrees to purchase securities from the dealers to be repurchased by them within a specified period of 15 days or less. These repurchase agreements not only assist dealers in carrying their short-term inventory of Treasury issues over these temporary tight periods but also relieve the market of the temporary stringency in credit. Dealers repurchase securities when the stringency has passed which action automatically extinguishes the reserve funds created by the agreement, and thus avoids an over-supply of credit when conditions ease.

(3) Dealers perform an important duty in conection with the Treasury's refunding operations. In many instances holders of maturing issues have purchased them as a short-term investment of funds required for other purposes at or about the date the security matures. Since the Treasury, in order to avoid sizable attrition—that is, to avoid the necessity of paying off in cash any substantial part of the maturing obligation—has offered to the holders of the maturing issue a security that should command some premium in the market, the holders of the maturing issue not willing or unable to accept the refunding security will sell their maturing securities to a dealer at a premium. This is obviously more advantageous than permitting them to mature at par. Dealers in these cases are purchasers of such securities for their own inventory, for redistribution to investors at a later date. If it were not for this type of operation by dealers, the Treasury would find it much more difficult to refund its maturities successfully. Again, it should be recalled that during the period from the date of the refunding operation until he is able to find a buyer, the dealer takes the risk of the market.

(4) Dealers also bid in the weekly bill auction described above and usually account for from $250 to $350 million of each bill sale. Again they act as underwriters of a Treasury security for distribution to the various types of investors. As a result of dealer participation, the Treasury is enabled to auction its bills not only in a comparatively narrow dollar range but with assurance that more than sufficient bids will be available to cover the offering.

(5) Dealers contribute materially to facilitating Treasury cash financing operations. They not only subscribe for their own account, but also because of their willingness to maintain a market, encourage investors to subscribe with confidence. Investors are assured that a market will be available either to add to the amount allotted to them on subscriptions or to dispose of their allotment if need be. The dealers' own allotment enables them to offer the new security at a small premium over par and thus create immediately a ready and close market for the new issue.

An active market for government securities has a most important and useful role in our economy. It enables commercial banks and other institutions to operate freely in this and other investment fields and gainfully invest funds temporarily awaiting other types of employment. Without it, the Federal Reserve System and the Open Market Committee could not carry out their policies nor could the Treasury conduct its financial operations without a great deal more difficulty.

Municipal, or Tax-Exempt Securities Market

An active market was in existence in municipal and state bonds before one existed in U. S. Government issues. Even before World War I they constituted an important medium of investment for individuals and institutions. At the end of 1916, for example, there were almost $5,900 million of these securities outstanding compared with only a little over $1,200 million of U. S. Treasury obligations. The issuance of new securities ran at a rate of approximately $1 billion a year from that date until 1931, and with little increase thereafter until World War II. During the war repayments exceeded the issuance of new securities by about $4¼ billion. Since then tax-exempt debt has grown rapidly. The increase has been particularly heavy in the last few years. Long-term offerings rose to a total of approximately $5,500 million in 1953. It is estimated that in 1954 these may run close to $7 billion.

In recent years, revenue bonds which were of minor importance before World War II have been issued in increasingly large amounts. Revenue bonds are the obligations of public authorities secured only by the income from the project which they were floated to finance and are not a lien on any of the ordinary tax collections of any state, county, city, or other body legally authorized to collect *ad valorem* taxes on property. There have been large borrowings for revenue projects such as toll roads, port authorities, water and sewer systems, toll bridges, and in some cases even for university dormitories and other similar purposes. One important reason for the development of this type of financing has been that it permits financing of a project outside of the community's debt limit. In addition, these revenue projects relieve the residents in the community of any additional tax burden.

Revenue project bonds have been sold in most instances at yields which compare favorably even before tax consideration with many corporate issues. As a result, institutions that are either totally tax-exempt or subject to limited taxes only, such as pension funds, life insurance companies and savings banks, have been more aggressive in their purchases of these tax-exempt bonds. For example, life insurance companies in 1951 increased their holdings of tax-exempt securities by only $18 million; in 1952, their holdings decreased $17 million; in 1953, they increased $145 million; and in the first five months of 1954, $300 million. These increases in the last two years primarily reflect purchases of high-yielding revenue authority bonds.

Another type of tax-exempt security which has become more widely used to finance public projects are obligations of public authority bodies that are supported by appropriations of funds by the Federal Government, State Governments or municipalities. Bonds and temporary notes of Federal, State and local housing authorities are the largest of this class of tax-exempt offerings.

In many states, school district bonds are sold to finance the construction of new school buildings. In New York State, for example, the school district has taxing authority in the territory which it serves, but in some rural communities the cost of school construction would be an undue hardship. To meet such situations, the State has set up a formula to provide aid in terms of grants of funds to these rural school districts.

Tax-exempt securities are issued by a wide range of borrowers. Because of the differences in the credit standing of various communities and revenue tax-exempt bodies, and in the indentures of such issues, a municipal securities dealer must have a broad knowledge of his field. Possible changes in the credit standing of a community or project due to various circumstances must also be watched for constantly.

In contrast to U. S. Treasury issues, all types of tax-exempt securities, with few exceptions, are sold by the borrower to underwriting groups rather than directly to investors. These sales are sometimes made on a negotiated basis to the underwriters, but more frequently through competitive bidding by two or more underwriting groups. Underwriters of a new tax-exempt issue act as principals with the intention of reselling the issue profitably to investors. As a matter of fact, with rare exceptions, municipal issues are not completely distributed at the time of reoffering. It usually takes a considerable period of time before the whole issue has been placed.

The underwriter, as is the case of the dealer in Treasury securities, takes the risk of the market. However, the risk taken by the municipal dealer is considerably greater for a number of reasons:

(1) Because slower distribution of new or seasoned issues in his inventory increase the risk in terms of time.

(2) Because of the risk of miscalculating the market in bidding for an issue sold competitively. This particular risk is smaller in the case of bonds underwritten on a negotiated basis since in this type of underwriting dealers can estimate with some assurance the price at which they will have a successful deal.

(3) Because of the inability of a dealer to liquidate his position in a rapidly declining market.

In the sharp break in all securities markets in the spring of 1953, government securities at all times could be sold in volume within one point of the previous transaction and in most cases at a price only a few 32nds away, but it was practically impossible for dealers to liquidate their municipal positions without heavy impairment of their capital. In some instances, losses of 20 to 30 points would have had to be taken if sales had been made.

It is, therefore, quite proper that the spread between the price at which a dealer purchases tax-exempt securities and the price at which he reoffers them to the investor is substantially greater than the spread between the bid price and offering price maintained by a dealer in U. S. Treasury securities.

Another reason that requires a greater compensation for profitable operation in this market, as compared to governments, is that the cost of distribution is much higher. Sales are made in much smaller amounts and a substantial part of the distribution is made to individuals in quite small lots which is an expensive procedure.

Yields on tax-exempt securities must be compared with the yields after taxes which the investor receives on fully taxable securities. In the case of most corporations today, this means that the yield from a tax-exempt issue is equal to 48% of the return from a fully taxable security when Federal Income taxes alone are considered. In the case of an individual, the return obtained from tax-exempt securities will vary, of course, with the percentage of tax he pays on regular income. For example, if an individual is subject to 25% Federal tax, the income from a tax - exempt security represents 75% of the equivalent taxable return; if in the 50% bracket, it represents 50% of the taxable equivalent return; if in the 75% bracket, it represents 25% of the return which would have to be obtained from a fully taxable security. This is without taking into consideration State or municipal income taxes.

Dealers in municipal securities, of course, operate in the market for seasoned issues as well as in the underwriting of new issues. In this field they sometimes act as brokers and as agents. At times, instead of buying securities outright from a seller, they work as an agent, redistributing bonds on a commission basis. However, by far the largest percentage of the business of purchasing and selling outstanding issues in the market is done by dealers as principals.

The number of dealers in the tax-exempt securities market is much greater than in the U. S. Treasury market. For one reason, the capital requirement is smaller. Another is that there is a valuable function performed by the municipal dealer in small communities not only as an underwriter of small local issues but also as a distributor to individual investors in his community. Small municipal dealers frequently take a minor participation in large underwritings.

Commercial banks are permitted by law to act as underwriters in municipal and State securities. They frequently participate in municipal underwriting syndicates and also act as dealers in the secondary market.

Excepting for revenue bonds sold to finance self-supporting projects, tax - exempt securities, like U. S. Treasury obligations, are serviced by the taxing power of the community rather than by earnings. Revenue bonds, because of their dependence on earnings to pay interest and repay principal at maturity, in spite of their tax-exempt status, might be more properly classed with corporate bonds.

I have tried to give you in this time a basic picture of these markets with respect to the government market. It would have taken hours to discuss in detail just the dramatic and drastic shifts in Federal Reserve and Treasury policy in the comparatively short period between the summer of 1950 and the summer of 1953. Volumes could be written about it, and I venture to say that the pros and cons of the policy of both agencies will occupy students in this field for many years.

You gentlemen will understand my personal interest in the overall economic and political ramifications of debt policy and monetary management. I have had a front-row seat—and, I can assure you, at times a very hot seat—during this period. All of the decisions in these fields have far-reaching influences in the government securities market, and through it affect to an important degree all other investments.

I apologize if I have bored you with what may have seemed a very dry exposition of my subject. However, to push so vast and so important a discussion into a reasonable period of time compelled me reluctantly to limit myself to the essential facts and omit much of the color which made these facts so alive to those of us who have been privileged to have a part in the development and day-to-day operation of this major segment of the nation's financial market.

Customers Brokers Get Slate for Officers

The Nominating Committee of the Association of Customers' Brokers has announced the candidates to be voted on at the annual meeting September 22.

Edward S. Wilson

Named as officers for the 1954-1955 period are: President: Edward S. Wilson, Hallgarten & Co. Vice-President, Nicholas E. Crane, Dean Witter & Co. Treasurer: Albert F. Frank, Ladenburg, Thalmann & Co.

Secretary: Daniel Davison, Hayden, Stone & Co.

Nominated for the Executive Committee are the following: Meyer W. Amster, Josephthal & Co.; Gordon V. Price, Laird & Co.; T. Alvah Cowen, Peter P. McDermott & Co.; Clifford W. Henry, Hayden, Stone & Co.; Sam Minsky, Hardy & Co.; and Gerald Wilstead, Hallgarten & Co.

Harold Madary Joins Robert W. Baird Co.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Harold A. Madary has become associated with the trading department of Robert W. Baird & Co. Incorporated, 110 East Wisconsin Ave. Mr. Madary was formerly Chicago representative for Geyer & Co., Incorporated, with which firm he had been associated for many years in Chicago and in Boston.

With C. J. Nephler

(Special to THE FINANCIAL CHRONICLE)

PONTIAC, Mich. — Robert S. Kingsbury has joined the staff of C. J. Nephler Co., Community National Bank Building.

Continued from page 3

Impact of Industrial Atomic Power On Existing Natural Resources

decisions which, in this country, would normally be made by private industry. In either framework, however, the key question is: Will the end result justify the very high cost of development of an entirely new process for the extraction and utilization of heat. To approach this problem rationally, it is necessary to make a market survey to determine the possible or probable future demand for such heat or energy. This can be quickly done.

It so happens that in industrialized nations the demand for energy is going up extremely rapidly. Both the population and the per capita demand for energy are mounting. In this country the demand for electric power has been doubling about every 10 years and there seems to be no basis for assuming that this trend will stop. It is also clear from the studies of the Paley Commission and others that most of the increased demand is for energy from the fluid fuels —petroleum and natural gas, specifically. Hydro power, while still extremely important and without question the cheapest source of such energy, is unavoidably limited in availability and will, over the years, contribute a decreasing percentage of the power requirements. Coal reserves will, no doubt, be needed for conversion to gasoline, with substantial increases in costs.

The Question of Cost

With demand established, the remaining problem is the one of future relative costs between different sources of energy. Here the problem depends to a large extent on the color and shade of the several crystal balls used by various forecasters. In general, however, while the cost of power from atomic energy power plants, as now conceived, is undeniably high, historically the trend in a new industry is for a rapid reduction in cost as the technology develops and volume increases. On the other hand, in an old and established industry, costs tend to stabilize and eventually even to begin to rise again, as the technology is perfected and rising labor costs begin to dominate. Those of us in the atomic energy business feel that the cross-over point on these two curves is likely to come somewhere between five and 15 years from now, depending on the vigor and intensity of the development effort in the atomic energy field.

For planning in connection with power and other resources, it is not unreasonable to try as best we can to anticipate the effect of events and conditions as much as 15 years in the future, and, of course, to revise our planning as we acquire more knowledge. It is for this reason I feel this conference is particularly timely and that you are to be commended for beginning to take account of the effects of atomic energy in your long-range planning.

Now let us take a few moments to look at the technical program in this field, so that I can tell you how far we have come and how far we still have to go along the road to economic atomic power. Let us first ask the question, why is atomic power so expensive? If the fuel is cheap, why isn't the power cheap? Here we must dabble a bit in physics, but we need not go any deeper than the general knowledge one picks up from newspaper and magazine reading.

One of the first factors we must consider is the large amount of radiation—similar to that from radium and x-rays — which is given off by atomic reactors. Both instruments and personnel must be protected from this radiation. To provide this protection requires large, heavy—and therefore expensive—shielding.

A part of this radiation consists of neutrons. In fact, it is these neutrons which keep the chain reaction going. Certain materials absorb neutrons readily or are damaged by radiation. Other materials retain few neutrons—are "transparent" to them, the scientists say—and withstand radiation damage fairly well. Generally speaking the latter class of materials can be used as structural materials in the core of the reactor which produces the heat. This is clear when one remembers that the neutrons are necessary to keep the chain reaction going and that any material which absorbs neutrons would have a dampening effect on the reaction. Yet, it is no more mysterious than to say that any material, added to a wood or coal fire, which would reduce the available oxygen would tend to put the fire out.

Another requirement for reactor materials is that they must stand high temperatures. If we are to extract heat from the reactor, the higher the temperature with which we start, the easier it will be for us to extract the heat. Still another important materials requirement is that they withstand corrosive attack by the coolant—usually water or liquid metal—which carries off the heat so that it can be utilized.

Thus, for the reactor core we need materials with four properties; first, they must stand high temperatures; second, they must not absorb too many neutrons; third, they must stand exposure to intense radiation; and fourth, they must stand up under corrosion.

Now we begin to see the difficulties. There are very few materials available which can simultaneously meet these four requirements. In fact, uranium itself, which obviously is a very necessary component of the reactor core, is a particularly bad actor so far as stability in the presence of radiation is concerned.

Control is another serious problem. It is obvious, I think, that the very compactness of the fuel source itself introduces a hazard. For civilian purposes, it is necessary that the enormous store of potential energy within a reactor core be released gradually and under controlled conditions. In a power reactor, uncontrolled release of this energy, while extremely unlikely to lead to an actual explosion, can conceivably lead to temperatures higher than those which available materials can stand.

Still another problem is that of the handling and disposal of spent fuel elements and wastes. Nuclear reactions yield fission products which are analogous to the ashes of an ordinary combustion process, though much less bulky than the ashes of combustion. They are radioactively "hot," that is, they are sources of intense radioactivity similar to the radioactivity from the reactor itself. For this reason, they must be handled by remote handling devices, under water or behind shields, and disposed of in ways which will prevent contamination of the environment. All of this is expensive.

Such then are the problems, and they are indeed formidable. However, thanks to the devoted efforts of scientists and engineers in our great National Laboratories at Argonne and Oak Ridge, at other AEC installations, and by our industrial contractors, solutions have been found to these problems. As you have read in the newspapers, the land-based prototype of the submarine power reactor, for example, has already operated long enough to have driven a submerged nuclear-powered submarine, at high speed, entirely around the circumference of the earth. A power plant with such performance is no longer a scientific toy.

The Argonne and Oak Ridge National Laboratories have each produced experimental reactor power plants which have actually generated in the neighborhood of 200 kilowatts of electric power—enough to satisfy the needs of a good-sized commercial building.

The Commission, with Westinghouse as its contractor, has under way a project to design and build jointly with the Duquesne Light Company a nuclear power plant that will generate 60,000 kilowatts of electricity. This is enough power for a good-sized city.

No Question Regarding Use of Atomic Power

There is no longer any question then that power, specifically, electric power, can be produced from nuclear power plants. The question of practicability revolves solely around the question of cost. It is natural to ask, how close are we now to economic atomic power? Unfortunately, this is a difficult question to answer. We really don't know because as yet no plant specifically designed for economic civilian power has been built and operated. All we have available are estimates based on extrapolations from experimental units or units designed for military operation for which costs are hardly representative of industrial or "civilian" central station plants. It is significant, however, that the engineers' cost estimates, made by groups representing the Commission's development contractors and by independent groups representing **both publicly and privately financed utility organizations**, are arriving at figures which indicate that nuclear power plants should be able to produce power at a cost within a factor of about two of the present national average. It is significant, too, that whereas a few years ago the low cost estimates came only from enthusiastic amateur groups, while the estimates of our experienced industrial contractors were invariably disappointingly high, in recent months accumulated reactor experience has led even our most conservative and sophisticated contractors to support predictions of power costs close to the competitive level.

For example, a recent report of the General Electric Company considers two different types of nuclear power plants, one estimated to cost $195.00 per kilowatt of installed capacity, and the other $215.00. These investment figures compare with $130.00 per kilowatt for a conventional coal plant. For the nuclear plants, however, the fuel costs are only 1.35 and 1 mill per kilowatt-hour, respectively, as against 3.4 mills for the coal plant with coal at 35 cents per million BTU's. The low fuel costs compensate for high plant costs so that, for the nuclear plants, the overall energy cost becomes 6.7 and 6.8 mills per kilowatt-hour as against 6.9 mills for the conventional plant.

I hasten to add that the precision of these figures is not to be taken too seriously. No nuclear plants have yet been built and operated and the cost estimates must, therefore, be assumed to have large errors, whereas conventional coal plants have been perfected to such an extent that for such plants the figures can be considered firm.

Accordingly, in considering nuclear power costs, it would be prudent, in view of our ignorance and inexperience in this field, to use contingency factors considerably higher than those used for conventional plants. Even up to a contingency of 100%, in the case of the GE estimates, we are still within the factor of two of the conventional power costs which I discussed previously.

It may seem to some of you that I am too concerned with mills and fractions of a mill in power costs. Before fractions of a mill are dismissed as unimportant, it would be well to realize that a one-mill-per-kilowatt-hour saving on electricity in the United States would represent a total annual saving to the nation of about $430 million. Conversely, if nuclear power costs stabilize at a figure one mill above the average of electricity from conventional energy sources, the high cost of development of nuclear power may have to be written off as premature. The stakes are indeed high.

The next question to which we might address ourselves is: where do we go from here? While there are many conceivable reactor types based on different fuels and fuel element arrangements, different coolants and moderators, and different temperatures and conditions of operation, the Atomic Energy Commission — through its advisors and its staff —has selected five different types as being the most promising at the present time. These types will be developed in projects financed largely by the Atomic Energy Commission to the stage at which an adequate technology is proved. According to present plans, AEC money will not be used to carry these types to the stage of an operating economic power plant.

Three of these reactor types, which I'll not have time to describe and will list by name only, are relatively short-term projects. Experimental operating units should be available within two or three year's time. These are an Experimental Boiling Water Reactor, a Sodium Reactor Experiment, and the already mentioned Westinghouse-Duquesne large scale experimental power plant, known as the PWR or Pressurized Water Reactor.

The other two approaches are longer term projects in which we hope to build experimental reactors in about five years. These are a Homogeneous Reactor in which, as the name implies, the fuel is dispersed homogeneously in an aqueous solution rather than being fabricated in metallic fuel elements, and the Breeder Reactor, the most exciting of all, which promises to produce more fissionable material than it burns. It would transmute the reserve of fertile material into fissionable material.

This Government-financed program is strictly an experimental program and none of the reactors mentioned are expected to produce competitive economic power. It is important that groups such as yours realize that the production of such economic power is not yet an accomplished fact, and that much work remains to be done before it can be accomplished. Yet, with the goal in sight, as a technical man I share with my colleagues their impatience with delays and their urge to get the job done.

Technical men are usually not very much concerned as to how the work is financed, whether with Government or non-Government funds. It is for Congress and the Administration to determine the rate at which work on the reactor program should be pushed, evaluating probable returns against costs. However, since it already has been announced that a vigorous reactor program is a matter of national importance, it is important that either Government expenditures be maintained at significant and effective levels or that non-Government funds be encouraged to get into the program. This nation is rich in coal and oil, and has understandably shown less interest in civilian use of atomic power than energy starved nations abroad.

Since there are few problems in arranging for the distribution of Government funds, it would seem to be most profitable for us to discuss the problem of making the transition from the AEC-financed experimental program to a developmental program of full scale reactors financed largely or entirely by non-AEC funds.

Let me emphasize, again, that none of the reactors to be built by the AEC is expected to be economical and, for this reason, no Board of Directors of either privately-owned or publicly-owned utility systems could at this time authorize the choice of such a nuclear power plant for use as a part of a system as a sound financial proposition. At the moment, the situation is something like that leading to the Homestead Act which provided that a prospective farmer, on presenting evidence of probably future diligent work, might be given a hundred and sixty acres of weeds and grass and trees and stumps and stones!

First Atomic Electric Plants Will Be Uneconomic

If nuclear power plants are likely to become economic at some time in the future—even if people in this country have to buy them abroad — it is worth something to a utility management, private or public, to begin to gain experience with them, in spite of likely high cost of the first plants. The need for this experience could provide the basis for a cooperative program in which the excess cost of nuclear power from these first plants would be financed partly by the operator and partly by the AEC.

Thinking by the staff of the AEC on this transition problem is at the moment about as follows: We accept the fact that the construction of nuclear plants will be for the immediate future more expensive than conventional plants by some unknown amount. We ourselves are satisfied and believe we can satisfy the engineers of any interested utility operator that nuclear power plants can be confidently expected to work, though there may be some delay and inconvenience in getting the first units up to full power. We are further satisfied that, with a fair price to the operator for the by-product materials produced, operating revenues will exceed operating costs. Finally, we believe that both AEC and utility organizations will gain valuable experience from the construction and operation of such plants and, further, that the nation as a whole will gain both in immediate military strength and in potential economic strength.

The staff proposal then is as follows: Utility organizations, for the sake of their own education and as a contribution to the national good, should be persuaded to consider seriously substituting a few nuclear power plants for conventional plants in the course of normal expansion. An organization's nuclear power plant will be essentially an engineering extrapolation from one of the experimental reactor plants now being built and financed by the AEC. The nuclear plant will cost significantly more than a conventional plant, if for no other reason than the higher contingency, or "ignorance," factor. Since the utilities' first responsibility is to the consumer, the higher cost of such a nuclear plant cannot strictly be justified, though the cost of the equivalent conventional plant will represent a routine expenditure. On the other hand, in the AEC, research and development costs are routine expenditures, and it is the long con-

tinued operation of the plant which represents an anomaly.

A joint program might, therefore, be developed on this basis: As a first approximation the utility company proposes to provide an amount of money equal to the cost of a conventional plant for the location in question while the Atomic Energy Commission, as part of its research and development expense, finances the difference between the cost of a conventional plant and a nuclear plant. If a number of such proposals can be developed every year, in each fiscal year the proposal considered to be most in the taxpayers' interest, as measured by minimum cost to the Government for the greatest technological advance, might be accepted for the "reactor of the year." Under this suggested plan the Government would also purchase by-product plutonium at a fair price.

With increasing experience on successive reactors, the difference between the cost of a nuclear and a conventional plant should become smaller and smaller and eventually vanish entirely, at which point the Government could step out of the picture. This approach seems to be one that can be made acceptable to the operating industry which, because of the nature of its business does not lend itself to the accumulation of risk capital. It further has the advantage of avoiding the high cost to the taxpayer of a long continued subsidy program, for very few reactors will be built until power reactors become truly economic. Although some accounting and ownership problems are involved, this approach seems to be the most realistic under our present boundary conditions.

A Final Question

Let us now turn to a final question. If this, or some similar program is launched, what will be the effect in the Missouri Basin area and the interest of the people here? One of the first questions asked will be: How will the emergence of atomic power affect interest in hydro power and its use where it is available? The answer to this one is simple. Hydro power is so cheap, relative to other forms, that the nation can and must develop all that is available, but this capacity will be able to meet only a small fraction of the future energy demand of the nation or, in fact, of the region in which it is developed. Experience in the Columbia Valley region is evidence. A region which was once considered to have inexhaustible hydro power is now surprisingly susceptible to brownouts.

Another popular question is: Are hydro power and atomic power compatible? I believe that future experience will show that they are not only compatible, but complementary. In the days when we thought of the power available from our big dams as "very large blocks of power," it was natural to consider this power as providing the base load of an area. However, as the power demand increases and the percentage contribution of hydro becomes less and less, it seems clear to me that the base load will be carried by fossil or nuclear fuels and that hydro will be used for peak loads. This seems to be a healthy trend, for I can think of no cheaper way to store potential energy in a conveniently available form than in a water reservoir behind a high dam.

There are, however, more subtle implications in what I think we can now confidently predict will be the gradual incorporation of nuclear power plants into existing networks. In the beginning nuclear power plants will be most attractive in areas where the cost of conventional fuel is high, and in these areas nuclear power will, in the long run, have the greatest social impact. The area in which we meet today is in one such area. There are five high fuel cost areas in the United States—one in the intermountain area in the West, one here in and around South Dakota, another in Maine, a fourth in Florida, and the fifth in the upper Michigan peninsula. In each of these areas, energy costs are roughly 35 cents a million BTU's delivered.

On the other hand, the low cost areas are in the Gulf region and along the Ohio River where energy costs are in the neighborhood of 10 to 20 cents per million BTU. Now this does not seem to be a tremendous difference in fuel costs, but it is surprising how much effect this differential has in the location of industry which as we all know, shows a tendency to concentrate in the Ohio River valley and more recently in the Gulf region where the fuel costs are particularly low. It is true that cost of fuel represents an extremely small fraction, in the neighborhood of 1 or 2% of the cost of finished products, but it seems to be a percentage that gets a lot of management thinking, and does have an effect on the location of industry. We might say, therefore, from a strictly Chamber of Commerce point of view that it behooves people interested in the future of the Missouri Basin to become acquainted with and explore rather thoroughly the potentialities of nuclear energy, because it might serve to attract industry to an area which has the other desirable attributes.

You have still another advantage over other areas of the United States in respect to early introduction of nuclear power, and that is ample space. In the densely populated East, it is necessary in the design of reactors to lean over backwards to take precautions against the remote possibility of "reactor incidents," which may be defined as a polite way of saying reactors out of control. In this area, however, the cost of precaution in the form of space around the plant to guard against the effects of "incidents" should be low.

Finally, if the international situation continues "not to improve," there would be a very great element of national strength in a utility system composed of electric power plants widely dispersed throughout the heartland of the continent with plants preferably underground and each with a 20-year supply of fuel stored in some convenient corner closet. I can only hope that our mobilization planners and civilian defense planners give due weight to the implications of civilian atomic power. Groups such as the Missouri Basin Inter-Agency Committee might find study of these military and defense aspects of nuclear power particularly rewarding.

Phila. Bond Club Outing Sept. 17th.

PHILADELPHIA, Pa.—The Bond Club of Philadelphia has lined up an impressive group of prizes, described by committee members as "worth their weight in uranium," for the Club's annual outing, to be held on Friday, Sept. 17, at Huntington Valley Country Club, Abington, Pa. First prize in the special event will be a 1954 Ford Crestline Victoria. Second prize is a luxurious mink stole; third prize a Revere Chiming Electric Grandfather's clock; fourth prize a six-day air cruise to Bermuda for two people and fifth prize eight World Series tickets.

Other events of the day will include an inter-city golf match with leading golfers of Boston, Baltimore, New York and Philadelphia participating. Tennis, a putting tournament, backgammon, bridge and bowling on the green are also on the agenda.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is feeling the competition of large offerings of corporate securities, and is in the process of getting ready for sizable future flotations of tax-exempt issues, as well as the new money financing of the Treasury. Despite the position lightening operations by traders and dealers, which has taken quotations of certain issues down, there are nonetheless a number of investors in the market who have absorbed these offerings because they have funds which must be put to work in order to try and maintain income because of the downtrend of other earnings assets, especially loans. It is the deposit banks which have been the main buyers of the middle and longer governments even though the later issues are still being bought in size by public pension funds.

Short-term governments continue to be well absorbed, with some help from the Central Banks. There has been more of a tendency recently by the deposit banks to sell the near-term Treasuries because of the need to take on the higher income longer-term obligations.

Dealers Lightening Positions

Dealers and other members of the trading fraternity in the government bond market, according to reports, have been lightening positions in most Treasury maturities because it is believed that the new offerings of corporates, tax free obligations and governments, will have some influence upon prices of Treasury obligations. It is not feared that there will be any sizable sales of outstanding government securities in order to make way for the non-Treasury offerings, since indications are that these new offerings will be well absorbed if they are priced right and they are tailored to meet the requirements of those that have the funds for investment. This process of getting ready for new offerings of securities by those that help to make the market for government obligations is a precautionary measure, which is usually taken somewhat in advance of the actual offering of new issues.

Liquidation Mainly in Intermediates

There are, according to advices, many investors who have been taking on the issues which the dealers and traders have had for sale, since this has given those who have money to put to work an opportunity to acquire government obligations at prices which are considered to be favorable. The securities which have been acquired by investors in the position lightening operation of dealers and traders, have been mainly in the middle and longer end of the list, with the intermediate term issues more in supply than the most distant maturities.

It might be that the trading group in the government market feels that the new financing by the Treasury will be much more concerned with intermediate term issues than with long-term bonds, and, as a preparatory measure, are cutting down their holdings of the middle term issues to a much greater extent that their positions in the most distant maturities.

No Pickup in Loans Expected

The loan trend of commercial banks continues to be downward and this is one of the prime reasons why many of the smaller deposit banks and, to a certain extent, some of the larger deposit institutions have been making commitments in the intermediate and longer maturities of the governments. It had been expected that loans would be evidencing a pick-up by at least this time of the year, but since this has not been the case yet, there is now more than a passing amount of opinion that the loan trend will not show very much of a change as time goes along. If this should turn out to be so, there will be more funds seeking an outlet in the government market and the maturity lengthening process will most likely be accelerated.

The loan picture by not showing the usual seasonal advance, is having an influence, according to advices, upon the rates which are being charged by lenders, and in some instances there are reports of more favorable terms being obtained by borrowers than had been looked for previously. Because of the pressure to keep funds at work in order to maintain income, there have been reports of a large amount of switching from the short-term governments into the intermediate-term governments, with more competition now being supplied by the larger commercial banks to the out-of-town ones in the purchases of the middle maturities of Treasuries.

Credit Ease Seen Maintained

In order to keep the money market in an even keel and to prevent tightness which develops from time to time, the Federal Reserve Banks continue to be buyers of Treasury bills. There appears to be a growing feeling now among money market specialists that there will be a long period of easy money conditions, and when the heavy offerings of non-Government issues have been taken care of, there will be greater need for long-term financing by the Treasury. To be sure, it is always a matter of conjecture as to what the Treasury will do when raising new money or refunding maturing obligations.

However, it seems as though the feeling is rather strong now in some quarters that a long-term new money raising operation by the Treasury would be more effective and opportune at some time in the future.

Now With Hincks Bros.

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn. — Henry B. Noy has become affiliated with Hincks Bros. & Co., Inc., 872 Main Street, members of the Midwest Stock Exchange.

Joins Fulton, Reid

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John D. Gilliam is now with Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Hallgarten Dept. Mgr. For Bache & Co.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, announced today that Julius A. Hallgarten has been appointed manager of the firm's Foreign Department. Malcolm Irving will continue as manager of the Foregin Arbitrage Trading Department.

Julius A. Hallgarten

Mr. Hallgarten has been manager of the Foreign Department of Reynolds & Co. since April, 1953 and previously thereto had been manager of the Foreign Department and a partner of Hayden, Stone & Co. Mr. Hallgarten's foreign background includes service in Germany, England, France and Switzerland.

Boston Invest. Club to Hear Sir Louis Beale

BOSTON, Mass. — The Boston Investment Club announces as its first guest speaker of the fall series, Sir Louis Beale, well-known authority on Canadian affairs. The meeting wil be held Wednesday, Sept. 22 at the Boston Yacht Club, Rowes Wharf.

Sir Louis Beale, former British Trade Commissioner in Canada, was previously consultant to Calvin Bullock, a 60-year-old New York investment firm which manages a group of investment companies with assets of over $250 million. Among this group is the Canadian Fund, Inc. Sir Louis' long service in Canada, and his intimate knowledge of its economy has given him an unusual insight into its present status and future prosperity.

M. J. Gordon Appointed By Bache & Co.

Monte J. Gordon has been appointed Assistant Manager of the research department of Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange. He has been with the firm since 1948.

Mutual Funds

By ROBERT R. RICH

SCUDDER, STEVENS & Clark Fund, Inc. reports total net assets of $45,585,251 on Sept. 8, 1954, equal to $32.12 per share on 1,419,218 shares outstanding on that date. This compares with total net assets of $38,036,198 a year ago, equal to $27.27 per share on 1,394,740 shares then outstanding.

Scudder, Stevens & Clark Common Stock Fund, Inc. reports total net assets of $6,809,450 on Sept. 8, 1954, compared with $4,634,778 a year ago. Per share net assets value is $17.80 on 382,485 outstanding shares, compared with $13.63 per share on 340,153 shares outstanding at that time

BROAD STREET Investing Corporation reports that sales of new shares totaled $1,010,000 during August. This was the third consecutive month that sales more than doubled those of the same month in 1953. Total sales of $9,029,000 for the first eight months of 1954 compare with $7,810,000 for all of 1953.

As in 1953, August sales declined from those of July. In July 1954 they reached an all time high of $1,463,000. Repurchases of shares amounting to $250,000 in August were 16% lower than the $296,000 reported in August, 1953, although they were up from $156,000 in July 1954. Net sales of shares for the first eight months of 1954 totaled $7,314,000, an increase of 94% over the first eight months of 1953.

DIRECTORS of Futures, Inc., a mutual fund dealing in commodities, have declared a distribution from capital gains amounting to 10 cents per share payable Sept. 27, 1954 to stockholders of record Sept. 15.

This is the fund's first profit distribution since 1949.

At the close of business on Sept. 8, 1954, net asset value per share was $3.68, up 123%, or more than $2 per share over the fiscal year-end figure of $1.65 on Sept. 30, 1953. Net asset value per share on Dec. 31, 1953 was $1.96 per share.

WALTER J. HESS, President of the Savings Banks Association of the State of New York and of the Ridgewood Savings Bank, has been elected a director of Institutional Investors Mutual Fund, Inc., it was announced by J. Wilbur Lewis, President of the Fund.

Institutional Investors is the wholly-owned mutual investment fund of the savings banks of New York State, organized a year ago in May, to provide a vehicle for high calibre equity investments.

The asset value per share of the Fund, as of Sept. 7, 1954, was $1,222.79, an increment of better than 22% over the original offering price of $1,000 per share.

The fund, in which 69 savings banks participate, is currently worth approximately $11,800,000, it was reported at the directors' meeting.

APPOINTMENT of Frank N. McInerney as Director of Sales Promotion of Distributors Group, Inc. sponsors of the mutual funds of Group Securities, Inc., was announced Tuesday.

Frank N. McInerney

Mr. McInerney was formerly associated with the J. Walter Thompson, Foote, Cone & Belding, and Paris & Peart advertising agencies, and with the Prentice-Hall Publishing Co. in New York and San Francisco.

MORRIS M. TOWNSEND, Executive Vice-President of Axe Securities Corporation and Vice-President of the Axe-Houghton Funds, has been elected director of Central Explorers Limited of Canada. Mr. Townsend was formerly National Director, Banking and Investment, U. S. Treasury Savings Bonds Division.

Putnam Reports Sales Increase of 107%

Putnam Fund Distributors, Inc. reports that August sales of The George Putnam Fund of Boston were up 107% over the total of August 1953.

The total invested through "The Putnam Plan—for investing as you earn" was up 76% for the same period.

The sponsor also reports great interest in the new "Putnam Plan—with life insurance" to be announced about Oct. 1.

Calvin Bullock Celebrates 60th Anniversary This Week

Calvin Bullock, 1 Wall Street, New York City, investment manager and underwriter for six investment companies, including the largest one in Canada, this week celebrates its 60th Anniversary.

Hugh Bullock

Founded as an investment firm in Denver September, 1894 by Calvin Bullock, it offered shares in its first investment company in 1924. Today, it is the oldest firm in the United States specializing in the management of investment companies which now have aggregate assets approximating $300,000,000—one of the largest of the investment company groups.

The New York office was opened in 1927 by Hugh Bullock, son of the founder and present head of the firm. Headquarters are now at One Wall Street, New York, with other offices in eight U. S. cities and with affiliates—Calvin Bullock, Ltd.—in Montreal, Canada and London, England.

Four of the present Bullock-managed funds were organized near the end of the depression in 1932. One of these, Dividend Shares, ranks among the nation's largest with net assets of approximately $150,000,000. Another, Canadian Investment Fund, Ltd., with head offices in Montreal, is the oldest and largest investment company in Canada.

In 1952, Calvin Bullock organized Canadian Fund, Inc. as the first U. S. mutual fund investing in Canadian securities. Among the directors and officers of these companies are outstanding leaders in Canada's banking and industrial life.

As a pioneer in organizing investment companies in the 1920s, the Bullock firm made intensive studies of the methods and operations of the British and Scottish investment trusts which have enjoyed a long record of successful investing. Consultations with British trust officials were frequent; one of the important British trust officials becoming a director of one of the Bullock companies. These associations resulted in the Bullock emphasis on continuous, professional investment management and the firm's decision to specialize in this work.

For many years, Calvin Bullock has maintained an office in London, both to obtain the benefit of the opinion of British business and financial leaders, and to encourage investment in Bullock managed investment companies. Dividend Shares became one of the most widely held U. S. mutual funds abroad.

Among the company's "firsts" is the voluntary periodic purchase plant of mutual fund shares employing the services of a bank as agent for both the customer and the investment dealer. Such a plan was established in 1949 in conjunction with the Irving Trust Company.

Present officers of the firm with the dates of their affiliation with the firm are: Hugh Bullock, President (1923); Godfrey P. Parkerson (1916), Harold E. Aul (1934), Robert E. Clark (1929), Vice-Presidents; John McG. Dalenz (1929), George E. Beves (1930), Joseph C. Houston (1939), regional Vice-Presidents.

IDS to Mark 60th Anniversary

Investors Diversified Services, Inc., will mark its 60th anniversary by holding open house on Friday, Sept. 17 in its new home offices in the Investors Building in Minneapolis. State and municipal officials and business men from the metropolitan area will attend.

IDS was founded in Minneapolis in 1894 as Investors Syndicate, with $2,600 in original capital. Based on the idea of providing average Americans with investment programs suited to their modest earnings, IDS pioneered in the sale of investment securities on an installment basis.

The founder of Investors was John Tappan, a young law student attending night school. Following the Panic of 1893, he conceived an accumulation plan designed to encourage systematic investment of small amounts which would provide a reasonable yield and grow over a period of years to reach a specified lump amount at maturity.

Tappan set up business in one small room in the Lumber Exchange Building with only a desk, chair, typewriter, and faith as equipment.

The company was incorporated on July 10, 1894 and its first customer was J. L. Ludwig, then superintendent of the Pillsbury "A" flour mill in Minneapolis.

The face-amount investment certificate such as he purchased is now one of the most widely distributed of the securities of the Investors Group. Mutual fund shares, also purchasable on installment plans, have since been added to the investment programs sponsored by Investors.

Over 60 years, the company has grown steadily until today IDS

has assets under management of nearly $1½ billion, serving more than 600,000 individual accounts in nearly every state, Alaska, Hawaii and Canada. Securities distributed and managed by IDS are issued by seven subsidiary and affiliated companies which compose, with IDS, the Investors Group.

They are: Investors Syndicate of America, Inc., Investors Syndicate Title and Guaranty Company of New York and Investors Syndicate of Canada, Ltd. (subsidiaries); Investors Mutual, Inc., Investors Stock Fund, Inc., Investors Selective Fund, Inc. (affiliates) and Investors Mutual of Canada, Ltd., which is managed and its shares distributed in Canada by the IDS wholly-owned subsidiary, Investors Syndicate of Canada, Ltd.

The securities issued by these companies are distributed directly to the public by a sales organization composed of 2,300 full-time and part-time licensed IDS representatives who distribute only the face-amount installment investment certificates issued by IDS subsidiaries and only the mutual fund share of its affiliated companies—no other securities. Representatives for IDS work out of 151 divisional offices.

This field organization produces sales which reach as much as $1 million a day in peak periods. Since IDS was founded in 1894, mortgage and construction loans have played an important part in the company's growth and earnings. IDS and its subsidiaries financed the construction of two out of every 100 American homes as part of the postwar housing program. The company—a major factor among large mortgage lending institutions in this country—continues to create a great number of new mortgages through construction loans for home building in scores of growing communities.

Top management of IDS, for 29 years represented by Earl E. Crabb, now a director of the company and its retired president, is centered in Robert W. Purcell, Chairman of the Board, and Joseph M. Fitzsimmons, President.

Its assets passed the $1 billion mark in 1952.

As of July 31, 1954, total assets of the Investors Group under IDS management, had reached $1,445,106,000.

Oppenheimer Co. Expands Mutual Funds Department

Oppenheimer & Co., members of the New York Stock Exchange, announced that the firm's mutual funds department has substantially increased its office space at 25 Broad Street, New York City. The expansion is the fourth since formation of the department in 1952, according to Silvio Smilovichi, department manager. The firm's sales of mutual funds, he stated, currently are showing an increase of 100% over the corresponding period of last year. The department has 70 salesmen, Mr. Smilovichi said.

Freeman Koo Opens

Freeman Koo is engaging in a securities business from offices at 2 Chatham Square, New York City, under the firm name of Freeman Koo Company.

D. J. Risser Co. Opens

PEORIA, Ill.—Donald J. Risser is engaging in a securities business from offices in the First National Bank Building, under the firm name of D. J. Risser Co.

Now Potter Inv. Co.

SALT LAKE CITY, Utah—The American Heritage Investment Company, Atlas Building, has changed its firm name to Potter Investment Co.

Continued from first page

As We See It

confounded. At any rate, no such postwar catastrophe developed. For years the Democratic party was able to capitalize on the failure of such depression to appear, and to make the claim that its management of national affairs had prevented it. True, the economic managers had occasion once or twice to worry a little about how things were going, but for one reason or another nothing of very great consequence in the form of untoward business conditions developed. The claim that the New Deal and the Fair Deal had learned the secret of preventing business depressions seemed to be given very considerable credence among the rank and file. During each election campaign, there were naturally warnings of what would happen were the Republicans to come into power at Washington. At long length the Republican party did come into office, and when not very long thereafter, signs began to appear that some slackening of business, and some rise of unemployment were developing, the new opposition was not slow in taking judicial notice of it.

Needs Bolstering

As things have actually turned out, however, the case against the "ins" will need considerable bolstering, but the question as to whether the recession is really over, or for that matter whether it was ever as mild or as slight as claimed by the Administration, will certainly continue to be an issue which the "outs" will press upon every occasion wherever and whenever circumstances seem to suggest that such a course will be profitable when the voting takes place in November. There will even be those who will argue that in the degree which the present Administration has been successful in warding off a depression, it has done so by employment of devices such as artificially cheap money, extension of social security, subsidies from public funds or the granting of guarantees, and all the rest which are of New Deal and Fair Deal origination. Naturally, the public will be told, on the other hand, about such matters as curtailed Federal expenditures, the better business management of public affairs, tax reform (albeit within limits) and the rest which can be cited as helping to encourage legitimate business.

This type of debate during the campaigns now under way is inevitable. It could not be prevented even if one wished to do so. In any event, it may here and there be educational if the debate is carried forward on a rational and realistic plane. Of course, we have not the slightest faith in any claim made by either party, or even by a number of economists, that the causes and the cure of business cycles have been discovered. If the arguments and counter arguments of the political campaign brings some observers to the conclusion that neither side has much ground to stand on in their claims of banishing unemployment and relatively stagnant business, so much the better.

Concerned With Symptoms

But after all such arguments as these seem to us to fail miserably to reach to the root of our problems. They are for the most part concerned with symptoms, not underlying conditions. All too often we seem to be most disturbed by the patient's temperature and devote all our attention to discovering means of getting it down (or of concocting instruments which will make it appear as if the fever had gone down). Little concern is shown about the basic causes which are responsible for untoward conditions, and no effort at all is made to remove them. On the contrary, it often seems that the remedy for the fever may well aggravate the underlying pathological condition.

Time was when it was generally conceded that the origins of depression were to be sought in the antecedent periods of prosperity. It was then almost taken for granted that whatever was to be done to prevent these serious dislocations of business had to be undertaken long before the depression threatened. The problem was to take care that in the exuberance of "good times," conditions were not allowed to develop which would render later adversity all but inevitable. It was thought to be a mistake to administer drugs in an effort to make it appear that untoward conditions, once they developed, did not exist or to prevent their removal. The problem was regarded as not one of trying to prevent normal readjustment but to do whatever is possible to expedite it.

We think these older ideas have not lost their point or their validity. If this is true, then the public should be asking not whether the New Deal, the Fair Deal or the Eisenhower Administration has succeeded in preventing past sins from finding them out, but whether they are doing whatever is possible to keep the foundations of the American economy sound and safe. It seems obvious to us that steps which avail in keeping certain activities going in certain circumstances might well assure later trouble. We should, as a matter of fact, be reappraising the current situation in an effort to determine whether some of the "built-in stabilizers" and some of "cyclical snubbers" of the times may not serve most of all to aggravate future depressions.

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The Home Builder Looks At the Money Market

in the mass market — is forcing more and more of our smaller builders to expand their horizons, to improve their business methods, to seek better financing methods. The great bulk of all the housing produced in the United States today is manufactured—yes, I use the word advisedly—by some form of the so-called operative builder. It is my prediction that this trend will continue. Of course, there will always be an important place for the custom builder who produces on order for a particular customer. He will continue to exert a very considerable influence on the total market in terms of new ideas, materials, equipment and new uses for existing products. These improvements and innovations often find their way into the lower cost production models.

What does all this mean for the mortgage lender? It means that the old days of the carpenter-contractor, who worked out of a lumber-yard and who looked to the lumber dealer or other materials dealer for his plans, his land and his financing, are rapidly fading, except possibly in extremely small communities. I do not mean to imply that all home building is going to be done by large operators. Many builders by preference desire to keep their operations small. But, in order to remain in business, they must adapt to their own smaller operations many of the same techniques, cost-cutting methods and particularly improved financing devices that their larger competitors have found profitable.

Builders' Production Credits

Largely as a result of the insured construction advance and firm commitment of the Federal Housing Administration, many builders during the early postwar years were able for the first time to secure production credit so necessary for them to bargain effectively for their materials and labor.

The relationship between the so-called permanent mortgage take-out and interim construction money is familiar to all of you. This device alone has made large builders out of many small ones. It has made possible the construction of literally millions of low cost homes which, together with the low down payment, long-term amortized mortgage has placed home ownership within the reach of a segment of our population to whom such a possibility had heretofore been merely a dream in this or any other country. In short, production credit had greatly broadened the market.

That the savings and loan associations of this nation have recognized the value of penetrating the lower income market through mass production is demonstrated by your active participation in the VA Home Loan Program. I am suggesting to you, therefore, that you examine more carefully than ever the improved finacing methods available through the amendments to the FHA law provided in the Housing Act of 1954. Or, if you prefer not to participate in a Federally-insured program with the necessary but sometimes burdensome red tape, I suggest that you seriously consider seeking ways and means of liberalizing your present conventional lending pattern. I understand that some consideration of this step is now being discussed. This we commend. Many builders have told me personally that they would prefer to deal with home-town or neighborhood savings and loan associations if they could obtain for their customers terms nearly as favorable under conventional financing as are provided through an FHA-type loan.

Keep in mind that your builder-client in competing with a well-financed large-scale operator must have not only the most favorable down payment and amortization provisions possible for his ultimate purchaser but he must have a realistic line of interim construction credit which will permit him to produce an economical volume. If he doesn't secure this in his home community, he will be forced to look elsewhere.

Unless the smaller builder in a typical local community can find financing which will place him in a competitive position, his only alternatives are to gravitate to the limited higher-priced luxury housing field or to go out of business.

Therefore, on behalf of the smaller volume builder in your communities who by and large make up the bulk of our own 29,000 member organization, I appeal to you to work with us in improving the flow of mortgage money—the life-blood of our great $12 billion a year industry. As the largest single group of investors in home mortgages, you have a prime responsibility — together with all segments of the industry —in our common effort to house decently all our American people.

The Housing Outlook Favorable

Irrespective of what political party occupies our White House or controls the Congress, home building, as a major contributor to our economic stability, has become a principal factor in national economic policy. Whether we like it or not, housing has come to have a political significance. The Federal Government, through control of the nation's credit, and the Congress by the enactment of a wide variety of laws, not to mention some 17 Federal agencies, are all inextricably enmeshed in this business of providing shelter for our growing population.

Our people will be housed—all of them—by private enterprise or by some form of government action. I therefore feel justified in saying to you that unless we—and I mean all segments of the industry—accept this challenge, using our best energies, our best initiative, and, yes, our best inventiveness, there will be laws proposed and enacted which none of us would today wish to see. At the same time, I can in all good conscience say that I am convinced that we as a united industry have the know-how and the courage to house the American people through private enterprise.

Securities Salesman's Corner

By JOHN DUTTON

Straight Thinking

The other day I got a letter from my friend Larry Moorman, who is Vice-President of National Securities & Research Corp., 120 Broadway, New York 5, N. Y. Larry has seen quite a bit in the past 35 years he has been in the investment business—this is the way he sees it NOW.

"After a market has been advancing steadily for awhile the public is tempted to try for appreciation, performance, or market profits. About the time this temptation strikes them, an overdue reaction causes prices to sell off. Then the screaming begins. The world is going to the dogs. There is no longer any investment opportunity left in this great U.S.A. Everyone who buys stocks is going to lose his shirt!

"Business cycles may still be a matter of mystery and uncertainty, but you can depend upon the psychological and emotional reactions of the public every time. I've seen this happen over and over again and I expect it to continue as long as people are people and the stock market fluctuates."

Then Mr. Moorman suggests that instead of allowing the emotional public to sidetrack themselves that they should be sold dependable investment income and values, not price fluctuations. There is no doubt in my mind that he is absolutely right.

You Must Think Right

If you are going to develop a clientele of investors then you must first think like an investor. What are the real things that people buy when they invest in securities? Let us enumerate them. First, they buy peace of mind. Unless people wished to have and hold property over and above that required for today's living expenses there would be no need to save. People save because they are afraid not to save. Fear dominates the lives of practically every individual to a greater or lesser degree. Fear is the most compelling force toward action that anyone who is engaged in sales work can use at any time. Fear of loss is more powerful than hope of gain. If you wish to compare the two try it some time. "I don't want to see you lose this opportunity to increase the income from your savings," is always more powerful than, "if you make this investment you will increase your income." Fear of loss is also what keeps people on the sidelines, and when this fear of loss is based upon emotionalism and a lack of understanding rather than facts, the remedy is simple—clear the air.

The second thing people buy if they are investors is dependable income, either for the present or deferred. The most income, combined with the highest degree of safety for their capital, not for a day, a week, a month, or a year, but for the rest of their lifetime, is what people should strive to achieve from their investments. That is what a good investment advisor can help them acquire. He can't do any more than this and he shouldn't try. Unless you can understand this, and let it sink into your mind so completely that you are constantly telling it and retelling it to your prospects and clients, you are going to miss many opportunities for developing the kind of customers that will be happy with their investments.

Don't let the emotions of the public lead you astray. You are not in a tipster business, a short-term paper profit ring-around-the-rosy, nor in a quest for the impossible. You are selling the most security of principal, the most income, and the best thing of all, peace of mind. If the market averages go up 90 points and then down 40, then go up again and down again, they have been doing it for years. Investors who buy to hold for income and long-term capital growth can only profit from a market advance if they sell out, pay a substantial capital gains tax and then wait (sometimes years) for an opportunity to reenter the market at very depressed prices. Meanwhile, they have lost substantial amounts of income, and often many opportunities for continued growth, by selling out favorable situations and trying for speculative profits through capitalizing market swings. This is not propaganda, its history. Any time your customers start thinking along the lines Mr. Moorman outlined—remind them of these simple facts.

Continued from first page

10 Million Color TV Sets by 1959

limited creative opportunities are being opened for merchandising.

New York — Communications Center of the World

No air is as vibrant with communications as New York. From this strategic metropolis, instantaneous contact can be made with cities, towns and villages across the entire country, with ships on the seven seas, with airliners, and with the capitals of all nations. In 1954, RCA Communications alone will handle about 168 million words of traffic.

Within the area served by New York's seven television stations, there are more than 4,250,000 TV receivers. Eighty-seven out of every 100 families own a television set.

Twenty-eight radio broadcasting stations serve this metropolitan area, in which there are approximately 8,300,000 radio sets.

Through continued research and engineering, we strive constantly to increase the usefulness of electronic communications and to expand its applications in the interest of New York and all the nation.

Back in the early 20's radio broadcasting began its big advances here in New York. When sight was added to radio sound at the New York World's Fair in 1939, television was introduced as a broadcast service to the American public.

It was natural, therefore, that Manhattan Island was the ideal site from which color television would be pioneered, field tested, and put into service. And like back-and-white television it has spread out from New York to reach across the continent. Indeed, already the color of a New York sunset can be seen in California three hours before the sun sets over the Pacific. And similarly, New York has looked in on colorful California to see the famous Tournament of Roses telecast in all of its natural beauty last New Years Day.

Bright Prospects for Growth

I am sold on color television both as a technical marvel and as a significant advance for the electronic industry.

Its prospects are even greater than the prospects of black-and-white television were eight years ago. I foresee the day when virtually every American home will have a color TV set!

To show you the basis for my confidence, I should like to cite figures pertaining to the sales outlook for color receivers during the next five years.

For the balance of this year and next year, it is estimated that more than 350,000 color sets will be produced and sold by the industry. During 1956, unit sales should reach 1,780,000; during 1957, 3,000,000; in 1958, about 5,000,000. These annual sales add up to the very satisfactory estimate of more than 10,000,000 color sets in American homes by 1959.

In terms of sales dollars, volume during the next three years is expected to more than offset reduction in black-and-white TV set sales — lifting color to $264 million in 1955, $767 million in 1956 and $952 million in 1957.

From a standpoint of additional economic gain, the estimated output would require a mountain of raw materials. Our experts in such matters have informed me that 10,000,000 color sets would use more than 350,000 tons of wood, 175,000 tons of steel, 5,000 tons of brass, 3,500 tons of solder, 3,000 tons of copper, 2,500 tons of zinc, and enough glass, plastics and miscellaneous materials to bring the total well over 1,000,000 tons—or two billion pounds

Making This Potential a Reality

The question arises: How can this great economic potential be transformed into a reality? What has been done, and what is being done to give color television the desired impetus?

Those of you who are familiar with the introduction of black-and-white television are aware that it was a gigantic challenge, an unprecedented task. The TV pioneers agreed that — if sight and sound were to be combined and go anywhere and everywhere into the home—broadcasting had to keep pace with receiving techniques and equipment. It was, in a sense, repeating the old riddle of the hen and the egg: Which should come first?

The same applies to color television: To achieve success, there must be paralleling progress in manufacturing and broadcasting. RCA and NBC, as leaders in the industry, have kept this in mind from the start. Our expenditure in establishing black-and-white television reached $50,000,000 before a single dollar of profit returned. We already have spent another $50,000,000 in color television research and development, manufacturing and broadcasting. Only time will record the full return from these expenditures — not only in the accounting departments of business across the nation, but also in advances in entertainment and education.

Progress to date has already convinced us color TV manufacturing and broadcasting must move ahead together. The best receiving equipment is valueless without satisfactory color programs—and also from the public viewpoint—good color TV programs are worthless without good sets to bring the shows into the home.

Our efforts, therefore, have constantly had the twofold purpose of developing these prime phases of color TV on parallel lines. Early this year color programming got underway and we initiated production of our first commercial color TV sets. Production of color terminal equipment facilitated the distribution of programs. Improvements and refinements in these color TV essentials will go forward apace with the advances in programming this Fall and Winter.

Color TV Broadcasting—Present and Future

Color television broadcasting is a lively field today, and the future holds promise of great achievement. Let me give you some of the highlights.

Immediately after the Federal Communications Commission on Dec. 17, 1953, approved compatible standards for commercial color TV broadcasting, NBC inaugurated its master plan for an Introductory Year of color television programs and color network expansion.

The ensuing months have been marked by notable advances.

As one of the major steps in its drive toward a full national color television broadcast service, NBC now is developing additional studio facilities which soon will permit the production of 12 to 15 hours of live color programs weekly. This will enable NBC, at capacity, to schedule more than 500 hours of color programming throughout the season, and will give the network color broadcast facilities surpassing by at least 300% those of any other network.

Already scheduled and under way are 33 color "Spectaculars" —90-minute productions ranging across the entire field of entertainment and embracing the most distinguished of writers, producers and performers. The Spectaculars alone will provide 49½ hours of topflight programming throughout the 1954-55 season.

These super-productions will bring into the home a series of entertainment features of a scope never before undertaken in television on a regular basis.

These Spectaculars, which will rotate on Saturday, Sunday and Monday on a three-out-of-four week basis, began just two nights ago, with Betty Hutton making her television debut. As a special vehicle for Miss Huton, producer Max Liebman had commissioned the writing of a musical comedy with an original book. Many of you may have seen it in black-and-white or color.

Significant Accomplishments

NBC's color network now includes 66 stations in areas in which there are approximately 30 million homes. By Jan. 1, 1955, with further progress in the color-conversion of network lines, 82 stations will be broadcasting in color, making colorcasts available in areas comprising 87% of the nation's television homes. By 1959, 95% of all homes in this country are expected to be in color areas.

Rapid expansion of NBC's colorcasting facilities is now under way in New York and Hollywood. The huge Brooklyn studios acquired from Warner Brothers are now equipped for color and will carry a large part of the color production load. In Hollywood, a new color studio is being built and equipped at a cost of $3,600,000 and will be ready by January 1, providing an added color production capacity.

Pioneer color programming facilities in New York — the Colonial Theatre, world's first fully equipped compatible color studio, and Studio 3-H in Radio City—will continue as important "stages" of NBC colorcasting.

Importance of Color TV to Advertisers

Thus, we see color television translating the earlier wonder of black-and-white into a vivid and expanding service that lifts broadcasting to a new pinnacle of progress for the public, the industry, and advertisers.

Present NBC estimates of the total all-media advertising expenditure in 1956, both national and local, have been revised upward to an amount exceeding $9,700,000,000. And it is believed that television will attract approximately 20% of this total of advertising dollars—or $1,900,000,000.

A financial projection of TV advertising from 1952 to 1956 shows this impressive upward trend:

In 1952, of an all-media total of $7,150,000,000, television's share was $509 million, or 7%.

In 1953, of an all-media total of $7,803,000,000, television's share was $689 million, or 9%.

In 1954, of an estimated $8,500,000,000 to be spent on all advertising, it is calaculated that television will take $930 million, or 11%.

In 1955, it is estimated that all advertising will rise to $9,200,000,000 and that television's share will be $1,300,000,000, or almost twice its 1953 gross.

RCA's New 21-Inch Color TV Tube

As a result of our efforts to keep manufacturing apace with broadcasting, improved color TV sets, with larger picture screens, are destined to reach the market within a few months.

RCA has developed a new 21-inch tricolor picture tube. It was given its first public demonstration on Sept. 15 at the David Sarnoff Research Center, Princeton, N. J. At the same time, we showed a new and simplified color television set.

Growth Curve Is Upward

Now, at the three-quarter mark in color television's Introductory Year, I believe you will agree that this new wonder of science is moving forward swiftly in expanding the horizon of art and industry.

Because of the compatibility feature, pioneered and developed by RCA, color offers no threat of obsolescence to the millions of black-and-white sets now in American homes. Color augments the black-and-white service and —I would like to re-emphasize— color starts the industry on a new growth curve. From the standpoint of manufacturing alone, it is estimated that in the next five years the American public will invest nearly three billion more dollars in color set purchases than it did in buying black-and-white sets during the past five years.

History will record 1954 as a good year for the radio-television and electronics industry. Business has been much better during the first nine months than was generally anticipated earlier in the year.

Sales of products and services of the Radio Corporation of America and subsidiaries attained an all-time record volume of $444,369,000 during the first six months of 1954, exceeding by $33,683,000—or 8%—the previous peak established for the first half of 1953.

RCA earnings before Federal income taxes, for the first six months of 1954, amounted to $39,603,000 — also an all-time high. After providing $20,335,000 for Federal taxes, the net profit for the half year amounted to $19,268,000, an increase of $1,083,000, or 6% over the 1953 period.

After payment of dividends on the preferred stock, this represented earnings on the common stock of $1.26 per share, compared with $1.18 per share earned in the first half of 1953.

We foresee excellent sales prospects for RCA and the industry as a whole during the remainder of the year.

I have endeavored to give you a comparatively brief outline of color television as it stands today, and the outlook for the future. And while the television cameras will have the same facility and flexibility in picking up programs from all parts of the country, including sports and news as it happens, New York will still remain the Nation's Capital of television adding new glory to this great city as the communications center of the world.

Public Utility Securities

By OWEN ELY

West Penn Electric Co.

West Penn Electric controls a fully integrated group of properties in Pennsylvania, West Virginia and Maryland, and small sections of Ohio and Virginia. It serves a highly industrialized area of about 29,100 square miles with a population of 2,386,000. West Penn Power (94½ controlled) is the principal operating subsidiary and other major units are Monongahela Power and Potomac Edison. Industrial sales accounted for about 44% of 1953 electric revenues, residential 37%, commercial 16% and miscellaneous 3%. Power plant capability is about 1,587,000 kw., and a new 135,000 kw. unit is scheduled to go into service shortly.

System capitalization is now about as follows:

Long-Term Debt	$229,000,000	56%
Preferred Stock	69,000,000	17
Minority Interest	3,000,000	1
Common Stock Equity	107,000,000	26
	$408,000,000	100%

West Penn Electric has consistently sold at lower price-earnings ratios than the average electric utility stock. This was apparently due to two factors—a low equity ratio and a concentration of heavy industries (steel and bituminous coal) in the company's area. The low equity ratio has been gradually improved until it is now over the 25% SEC minimum. With regard to the heavy industry in the company's area, investors' fears of a let-down in industrial activity have been exaggerated, since the company has been able to improve its share earnings this year with bituminous coal operations at a low ebb and with steel operations at 60-70%.

For the 12 months ended July 31 the company reported earnings of $3.58 compared with $3.40 (re-stated) for the corresponding 1953 period. This improvement was largely due to a reduction in income taxes reflecting the effect of the new Internal Revenue Code of 1954. This eliminates the 2% penalty tax formerly attached to the filing of a consolidated income tax return by utility holding companies. It also permits the inclusion of the company's major subsidiary for the first time in a consolidated return. It is estimated that these provisions of the new Code should increase consolidated earnings for the calendar year 1954 by approximately 19 cents per share, of which about 12 cents was reflected in the consolidated earnings for the 12 months ended July.

Operations made a good showing despite the fact that industrial kwh. sales in the first half were 14% below last year. About half of this setback was offset by an 11% gain in residential sales and a 5% increase in commercial sales, so that the net result was an overall 7% decline. Moreover, the company was protected by the demand component in its rate schedule so that the decrease in industrial revenues was only 7%. Thus, with the gain in residential and commercial business, total revenues for the first half showed a slight gain over last year.

In its recent quarterly letter to stockholders the company had the following to say about the coal industry:

"Our electric revenue from coal mining customers accounted in 1953 for about 10% of total electric revenue as compared with 20% in 1930, even though this class of revenue increased 86% in dollar amount between those years. . . . It is well known that bituminous coal has suffered in the competitive market through the rapid advance in coal prices, as well as through the dieselization of the railroads, the preference for natural gas and oil for space heating, the sale of seasonal surpluses of natural gas at low prices, and the increase in residual fuel oil imports. It is our opinion that these causes have exerted their maximum effect.

"Mechanization of mines and sound management practices may be expected to limit further price increases, whereas competitive oil and gas prices appear to be tending upward. Dieselization of the railroads is reported practically complete and there should be little further loss of markets from that cause. Development of underground gas storage facilities may be expected to reduce the amount of low-priced gas in nonheating periods. Recent process improvements should reduce supplies of residual fuel oil even if its importation is not limited by the government as is being urged. . . .

"Underground mining requires substantial amounts of electric power to maintain the mines whether or not coal is being produced. These basic power requirements are primarily for ventilation, pumping, conversion losses, and general maintenance. For a representative group of mines, these requirements account for approximately 40% of electric revenue when the mines are in full production. . . . Revenues derived from these power uses will continue to increase as mechanization progresses.

"The production of chemicals from coal in our territory has barely begun. We believe the fortunate presence there of salt, brines, and limestone, together with large coal deposits, could become the foundation for a thriving chemical industry."

West Penn Electric had been selling recently at 45. The dividend rate was recently increased to $2.20 making the yield 4.9%, which is about average. The price earnings ratio is 12.6 against an average around 15.4.

Joins Baker, Simonds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Richard K. Simonds has joined the staff of Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

Carr Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Herbert E. Socall has been added to the staff of Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

Darwin Clark in New Location

LOS ANGELES, Calif. — Doubling the size of its quarters, Darwin H. Clark Co., well-known Los Angeles Advertising Agency, has moved to its own building at 145 West Sixth Street, Los Angeles. The new two-story structure has a frontage of 108 feet and ample parking in the rear. It incorporates every modern facility for advertising service to clients which include many leading industrial, scientific, consumer and financial organizations. As exclusive Los Angeles member of Trans-America Advertising Agency Network, the agency has associate offices in 18 principal marketing centers from coast to coast.

Agency personnel includes Darwin H. Clark, manager; M. L. Cowans, assistant manager; Karl Lott, Jr., and Dent Dowler, account executives; William Kaup, copy chief; George McGinnis, art director, Art Langton, director of publications; C. Manford Grove, production manager; Dick Faust, media buyer; Dana Lovejoy, Jr., radio and TV, and Diane Ver Valon, cashier.

Tenn. Gas Tr. 4¼% Debentures Offered

A new issue of $65 million Tennessee Gas Transmission Co. 4¼% debentures due Sept. 1, 1974 was offered for public sale on Sept. 14 by an underwriting group comprising 124 members and headed jointly by Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc. The debentures were priced at 102% and accrued interest to yield about 4.10% to maturity.

Proceeds to the company from the sale of the debentures will be applied to the retirement of $21,300,000 outstanding 4⅞% debentures due 1971 and $19,200,000 of 5% debentures due 1973. The remaining proceeds will be used to pay a portion of the company's outstanding short term notes.

A sinking fund beginning March 1, 1955 provides for semi-annual payments each year sufficient to retire the entire issue of debentures by maturity. Sinking fund redemption prices range from 102.04% to the principal amount. The debentures are also redeemable at the option of the company at prices ranging from 106¼% to the principal amount.

Tennessee Gas Transmission Co. sells or delivers natural gas to distributing companies through its pipe line system extending from the Rio Grande Valley of Texas to eastern Kentucky where the system divides, one branch extending to a point near Charleston, W. Va., and the other to New York, Massachusetts and certain other New England States. The company's principal customers are the companies comprising the Columbia Gas System, Inc. and Consolidated Natural Gas Co. which in the aggregate accounted for approximately 68% of the company's deliveries in 1953.

The company has applications pending before the Federal Power Commission for authorization to serve at wholesale the New York City-Northern New Jersey area. With such facilities in operation the peak day delivery of the system would be approximately 2,019,500 MCF per day. The company purchases its natural gas requirements from producers in 146 fields in Texas, 17 fields in Louisiana and one field in Pennsylvania.

The company's operating revenues for the 12 months ended June 30, 1954 amounted to $137,976,859 and gross income before interest deductions was $31,481,099.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

According to figures compiled by Blair & Co., 44 Wall Street, New York, operating earnings of the major fire and casualty insurance companies in the first half of 1954 generally showed substantial improvement over the corresponding period of 1953.

Blair & Co. recently formed a new bank and insurance stock department made up of some of the key personnel that formerly worked for Geyer & Co. before that firm closed its business. Thus, the current tabulation represents the first memorandum prepared for distribution by the new department of Blair.

As was the case with the computations that used to be distributed by Geyer & Co., the new tabulations are both informative and helpful to the insurance investor. As is generally known, the reports that many of the insurance companies release to the press or distribute to stockholders, are not in a form that is easy to interpret. Many do not show consolidated earnings. Others do not report per share results. More important to the insurance analyst is that practically all insurance companies show statutory underwriting earnings and do not adjust for changes in the unearned premium reserve.

In the Blair & Co. memorandum all of these adjustments have been made and figures as between the different companies have been placed on a comparable basis so that the variations in operating results for the first half year can be determined.

In all, figures for 45 of the major companies are shown in the tabulation. We have selected 21 of the more popular institutions from the list and show the operating results for the first half of 1954 compared with the similar period of 1953. In addition operating earnings for the 12 months ended June 30, 1954 are presented together with the average for the five years 1949 to 1953.

	Net Premiums Written 6 Mos. Ended 6-30-54	% Change Over First Half 1953	Operating Earnings — 6 Mos. Ended 6-30-54	Operating Earnings — 6 Mos. Ended 6-30-53	Operating Earnings — Twelve Mos. End. 6-30-54	Operating Earnings — 5-Year Average 1949-53
Aetna Insurance	$69,019,490	7.4%	$4.01	$2.28	$6.05	$5.24
Agricultural Insur.	9,083,687	—0.8	1.93	1.34	3.05	3.74
American Insurance	43,297,244	4.6	1.80	1.39	3.03	2.51
Camden Fire	7,732,637	—4.5	1.41	1.39	2.67	2.50
Continental Casualty	78,074,811	16.4	6.93	3.69	10.03	5.31
Continental Insur.	77,390,492	3.1	3.07	2.39	6.13	5.33
Federal Insurance	25,533,303	2.1	1.16	0.80	2.22	1.69
Fidelity-Phenix Ins.	70,247,756	3.0	3.11	2.62	6.51	5.68
Fire Ass'n of Phila.	19,350,396	2.4	1.74	1.60	3.50	3.35
Fireman's Fund	96,060,763	†	2.59	1.77	5.04	3.73
Firemen's Ins.	80,288,844	2.6	2.25	1.47	4.39	3.21
Glens Falls Ins.	36,585,791	—3.7	3.38	2.43	6.06	5.19
Hanover Fire	12,795,689	1.1	2.36	0.66	4.67	3.97
Ins. Co. of No. Am.	126,653,403	6.0	2.99	2.41	6.01	4.93
National Fire	39,634,354	6.8	5.20	3.31	7.62	7.15
National Union	17,096,379	2.6	2.05	1.22	3.66	2.99
Northern Insurance	12,645,176	14.8	4.26	2.72	7.54	5.92
Pacific Fire	4,791,543	—8.1	4.58	3.15	8.96	8.42
Phoenix Insurance	37,590,434	—5.9	3.02	2.40	4.81	5.30
St. P. Fire & Marine	53,784,507	0.0	1.82	1.40	3.60	2.53
U. S. Fid. & Guar.	102,393,266	5.9	4.25	2.93	7.63	5.42

†Not available on comparable basis.

Although there was some variation in net premiums written in the first six months, the operating earnings for the above companies were uniformly better. In some cases, the improvement was substantial. Results for the first half also compared favorably with the earnings shown for the 12 months ended June 30, 1954 and the average for the past five years. The indicate rate for the first six months was above the other totals.

Current expectations are that the last half of 1954 may not be quite so favorable because of recent windstorm losses. With the gains made so far, however, we would expect that final results may not be too far below the reported earnings shown in 1953.

In as much as losses in the last six months are likely to show considerable variation as between companies, a more detailed analysis of each group or company should be made to estimate final results. In such a evaluation the Blair & Co. figure should be helpful.

Howard Millet Joins Staff Of Nathan C. Fay & Co.

PORTLAND, Maine — Howard Millet of Winthrop, Maine, will represent Nathan C. Fay & Co., 208 Middle Street, in central Maine, with sales headquarters at 154 State Street, Augusta, Maine.

Mr. Millet who was previously a principle in the Augusta firm of Ingraham-Millet & Company has more recently been representing H. C. Wainwright & Co. of Boston in the territory.

Leon M. Kelhofer With Cruttenden & Co.

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich.—Leon M. Kelhofer has become associated with Cruttenden & Co., members of the New York and Midwest Stock Exchanges. Mr. Kelhofer was formerly representative for A. C. Allyn and Company, Inc. and prior thereto was with White, Noble & Company and Moreland & Co.

Continued from page 4

The State of Trade and Industry

Exports of scrap this month are expected to exceed those of last month. These shipments will continue to comprise heavy melting steel scrap and bundles.

Increased strength of steel demand already can be seen in the national steel ingot operating rate. It declined only 1 point during the Labor Day week. If business were dropping, the ingot rate would contract more than that in a holiday week. The rate for the week ended Sept. 12 was 63.5% of capacity.

Contributing to the stronger tone in the steel market, says "Steel," is renewed buying by automobile producers. Two of three major auto companies stepped up orders for stainless steel. Stainless producers said the orders were the largest they have received in four months. Other consumers increased their stainless orders slightly early this month. Purchases of stainless wouldn't be made by the automakers unless they have a good idea what their fourth-quarter requirements are, for you can tie up a lot of money quickly in stainless.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 66.3% of capacity for the week beginning Sept. 13, 1954, equivalent to 1,580,000 tons of ingots and steel for castings as against 1,502,000 tons and 63.0% (actual) a week ago.

The industry's ingot production rate for the weeks in 1954 is now based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

For the like week a month ago the rate was 61.8% and production 1,474,000 tons. A year ago the actual weekly production was placed at 2,060,000 tons or 91.4%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.

Electric Output Suffers Further Mild Declines In Holiday Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 11, 1954, was estimated at 8,808,000,000 kwh., according to the Edison Electric Institute.

This represented a decrease of 279,000,000 kwh. in the Labor Day holiday week below that of the previous week, but an increase of 845,000,000 kwh., or 10.6% over the comparable 1953 week and 1,154,000,000 kwh. over the like week in 1952.

Car Loadings Advance 1.8% In Latest Week

Loadings of revenue freight for the week ended Sept. 4, 1954, increased 11,876 cars or 1.8% above the preceding week, according to the Association of American Railroads.

Loadings totaled 688,492 cars, a decrease of 110,588 cars or 13.8% below the corresponding 1953 week, and a decrease of 58,390 cars or 7.8% below the corresponding week in 1952, which included the Labor Day holiday.

U. S. Auto Output Hits 41-Week Low In Latest Week

The automobile industry for the latest week, ended Sept. 10, 1954, according to "Ward's Automotive Reports," assembled an estimated 68,470 cars, compared with 92,035 (revised) in the previous week. The past week's production total of cars and trucks amounted to 82,477 units, a decline below the preceding week's output of 26,377 units, states "Ward's." In the like week of 1953 116,760 units were turned out.

The past week saw production strike a 41-week low, "Ward's" notes.

Last week, the agency reported there were 14,007 trucks made in this country, as against 16,819 (revised) in the previous week and 18,541 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 1,700 cars and 397 trucks last week, against 1,740 cars and 401 trucks in the preceding week and 5,168 cars and 935 trucks in the comparable 1953 week.

Business Failures Dip In Holiday Week

Commercial and industrial failures declined considerably to 168 in the holiday-shortened week ended Sept. 9, from 193 in the preceding week, Dun & Bradstreet, Inc., reports. Although casualties were at the lowest level so far this year, they remained well above the 131 which occurred in the comparable week of 1953 and the 1952 toll of 91. However, mortality continued 20% below the prewar level of 209 in the similar week of 1939.

Casualties with liabilities of $5,000 or more decreased to 140 from 168 in the previous week but exceeded the 114 of this size reported a year ago. Among small failures, those involving liabilities under $5,000, there was a slight upturn to 28 from 25 and they also were considerably higher than last year when 17 occurred. Sixteen of the failing businesses had liabilities in excess of $100,000 as compared with 12 a week ago.

Wholesale Food Price Index Scores Moderate Advance

Reversing its six-week downward trend, the wholesale food price index, compiled by Dun & Bradstreet, Inc., advanced to $6.70 on Sept. 7, from the nine-month low of $6.65 recorded a week earlier. The current figure marks a rise of 1.2% over the corresponding 1953 week when the index stood at $6.62.

Higher in wholesale cost last week were flour, wheat, rye, oats, barley, bellies, butter, milk, coffee, potatoes, steers and hogs. Lower were corn, hams, lard, sugar, cottonseed oil, cocoa, eggs and lambs.

The index represents the sum total of the price per found of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Level Lifted Moderately In Latest Week

The general commodity price level edged moderately upward the past week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 276.54 on Sept. 7, comparing with 273.04 a week previous, and with 281.22 on the corresponding date a year ago.

Leading grain markets were irregular with wheat continuing its upward trend. The main supporting influence in the bread cereal was the deteriorating crop situation in Canada and the northern section of the American Spring wheat belt as the result of rust, heat and rain. The Canadian crop was also reported in danger of being caught by frost. Oats and rye were firm for the most part with all rye deliveries making new highs for the crop year to date. Corn prices were somewhat easier in the cash market. A private estimate of the corn yield issued the past week indicated a slight rise as compared with the Offical August forecast. Sales of grain and soybean futures on the Chicago Board of Trade increased in the preceding week.

Daily average purchases totalled about 47,000,000 bushels, against 41,400,000 a week earlier, and 59,400,000 a year ago.

There was little buying interest in cocoa and prices continued to move lower, influenced by reports that the British Cocoa Marketing Board was offering new crop Accra, October-December shipment, to Europe, with buyers showing little interest. Warehouse stocks of cocoa were reported at 103,546 bags, against 104,-429 a week earlier, and 158,468 a year ago.

Reversing its sharp downward trend, coffee prices turned higher on buying induced by reports that Brazil will sustain its minimum price support program.

Cotton prices moved upward in the fore part of the week but later turned downward to show a slight net decline for the week.

Early strength reflected the belief that the forthcoming Government crop forecast would show a substantial reduction from the Aug. 1 estimate of 12,680,000 bales.

Reported sales of the staple in the 14 markets increased rather sharply as farmers offered the bulk of current ginnings freely. Interest in the Government loan was small and considerably below a year ago. Consumption of cotton in the free world during the 1953-54 season reached a record high volume of 27,000,000 bales, according to the International Cotton Advisory Committee.

Trade Volume Displayed Noteworthy Improvement In the Latest Week Over Previous Week and That of Year Ago

Despite the fact that the weather was not ideal for shopping in many parts of the country in the period ended on Wednesday of last week, total retail sales were higher than in the previous week and soared above last year's comparable volume. A year ago an enervating, prolonged heat wave covered most of the nation, and shoppers stayed home; this week's figures appear unusually high because of the comparison.

This week consumers had plenty of money to spend, with personal incomes after taxes being about as large as last year.

Retailers also enticed the customers with special promotions and lowered prices in many parts of the country, with the result that apparel buying was high and there was a pick-up in purchases of household goods.

The dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be 5 to 9% above that of a year ago. Regional estimates varied from the corresponding 1953 levels by the following percentages: Pacific Coast —3 to ~~+1~~; Northwest and Southwest +1 to +5; South +3 to +7; New England +8 to +12; Midwest +9 to +13; East +10 to +14.

Back-to-school buying dominated sales in department and specialty stores the past week. Clothing and supplies were in heavy demand, as larger numbers of children entered school this year than ever before. Women's apparel also sold well.

The dollar volume of wholesale orders expanded in the week but was below that of last year at this time. Retail inventories are being only moderately increased, as most buyers seem confident that future deliveries can be made on short notice, when and if consumer demand rises.

There were varied developments in the battle between discount sellers and list-price retailers last week. It was reported that trade associations are undertaking new investigations into the actual scope and volume of discount selling; current estimates are that merchandise valued at $5 billon is sold annually through such channels. Many retail stores have urged manufacturers to police rigorously their wholesale outlets and thus protect fair-trade practices. One New York City retail store took another course the past week; it asked the Supreme Court to declare fair-trade laws unconstitutional. In New England two dealers filed suit against automobile manufacturers, claimng that the franchise dealer system is an anti-trust violation. In Georgia a group of merchants announced they are banding together to further the interest of discount operators.

Department store sales on a country-wide basis as taken from tthe Federal Reserve Board's index for the week ending Sept. 4, 1954 advanced 13% from the level of the preceding week. In the previous week, Aug. 28, 1954, an increase of 1% was reported from that of the similar week in 1953. For the four weeks ended Sept. 4, 1954, an increase of 4% was recorded. For the period Jan. 1 to Sept. 4, 1954, department store sales registered a decrease of 2% below the corresponding period of 1953.

Retail trade volume in New York City the past week was estimated by trade observers as being at least 6% under the like week in 1953. The past week not only had to compete with a very good week a year ago from the standpoint of sales, but also the loss of business resulting from the storm at the close of last week.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Sept. 4, 1954, registered an increase of 31% above the like period of last year. In the preceding week, Aug. 28, 1954, an advance of 9% (revised) was reported from that of the similar week in 1953, while for the four weeks ended Sept. 4, 1954, a rise of 10% was reported. For the period Jan. 1 to Sept. 4, 1954, an increase of 1% was registered above that of the 1953 period.

Bankers Underwrite Georgia Power Exchange Offer

Georgia Power Co., a subsidiary of The Southern Company, today (Sept. 16) is offering holders of its outstanding $6 preferred stock, of which 433,869 shares are outstanding, the privilege of exchanging their shares for shares of new $4.60 preferred stock (without par value) on the basis of one share of new stock plus $5.13⅔ per share in cash for each share of old preferred.

The issue is believed to be the second largest offering of its kind in history.

The exchange offer will expire on Oct. 4, 1954 and all unexchanged shares of $6 preferred stock will be redeemed on Nov. 6, 1954 at $110 per share.

The First Boston Corp.-Merrill Lynch, Pierce, Fenner & Beane-Union Securities Corp.-Equitable Securities Corp. are co-managers of an underwriting group which has agreed to purchase any unexchanged shares of the $4.60 preferred stock.

The same four investment firms have also agreed as dealer managers to form and manage a group of securities dealers to solicit acceptances of the exchange offer.

Georgia Power Co. provides electric service to 580 communities at retail and 44 municipalities at wholesale, all within the state of Georgia. The territories served, directly and indirectly, have an area of approximately 49,700 square miles and an estimated population in excess of 3,000,000.

For the 12 months ended June 30, 1954 the company had total operating revenues of $92,113,000 and net income of $13,225,000.

Total annual dividend requirements on the company's outstanding preferred stock will be reduced from $3,168,064 to $2,560,-647 as a result of this refinancing.

New York Inst. Offers Effective Writ'g Course

A new course to be offered by the New York Institute of Finance this fall typifies Wall Street's growing awareness of the need for better communication with the investing public.

Students in the course, called "Effective Writing," will be taught the principles and practice of composing clear and persuasive booklets, letters, analyses and magazine articles.

The instructor is T. Alexander Benn, investment copywriter for Doremus & Co., national advertising agency, and one-time sales promotion writer for the investment firm of Merrill Lynch, Pierce, Fenner & Beane.

Bache to Admit

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, on Oct. 1 will admit Thomas F. Joyce, Jr. and John E. Leslie to limited partnership.

Hirsch & Co. Admits

Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on Oct. 1 will admit Peter W. Eising to limited partnership.

Form Bay Secs. Corp.

Bay Securities Corporation has been formed with offices at 115 Broadway, New York City, to engage in a securities business. John J. Farrell is a principal of the firm.

First Nevada Co. Opens

RENO, Nev.—John B. Eaton has formed the First Nevada Company with offices in the Professional Building, to engage in a securities business.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Sept. 19	§66.3	*63.0	61.8	91.4
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 19	1,580,000	*1,502,000	1,474,000	2,060,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 3	6,111,100	6,141,350	6,153,450	6,533,900
Crude runs to stills—daily average (bbls.)	Sept. 3	¶6,946,000	6,955,000	6,744,000	7,228,000
Gasoline output (bbls.)	Sept. 3	23,850,000	23,667,000	23,756,000	24,223,000
Kerosene output (bbls.)	Sept. 3	2,605,000	2,101,000	1,975,000	2,132,000
Distillate fuel oil output (bbls.)	Sept. 3	10,011,000	10,107,000	9,619,000	9,995,000
Residual fuel oil output (bbls.)	Sept. 3	7,567,000	7,595,000	7,485,000	9,148,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 3	153,497,000	153,757,000	156,808,000	140,945,000
Kerosene (bbls.) at	Sept. 3	35,364,000	34,260,000	32,539,000	35,335,000
Distillate fuel oil (bbls.) at	Sept. 3	117,458,000	114,984,000	105,077,000	120,646,000
Residual fuel oil (bbls.) at	Sept. 3	56,194,000	55,903,000	55,238,000	51,030,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 4	688,492	676,616	667,592	799,080
Revenue freight received from connections (no. of cars)	Sept. 4	585,660	576,786	573,645	665,723
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 9	$220,717,000	$376,682,000	$419,221,000	$320,985,000
Private construction	Sept. 9	108,038,000	219,317,000	268,697,000	191,972,000
Public construction	Sept. 9	112,679,000	157,365,000	150,524,000	129,013,000
State and municipal	Sept. 9	84,113,000	131,134,000	133,893,000	109,153,000
Federal	Sept. 9	28,566,000	26,231,000	16,631,000	19,860,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 4	7,650,000	7,410,000	7,400,000	9,593,000
Pennsylvania anthracite (tons)	Sept. 4	449,000	485,000	472,000	575,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 4	114	102	92	101
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 11	8,808,000	9,087,000	8,996,000	7,963,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 9	168	193	233	131
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 7	4.801c	4.801c	4.801c	4.634c
Pig iron (per gross ton)	Sept. 7	$56.59	$56.59	$56.59	$56.76
Scrap steel (per gross ton)	Sept. 7	$29.00	$28.67	$27.83	$38.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 8	29.700c	29.700c	29.700c	29.675c
Export refinery at	Sept. 8	29.675c	29.650c	29.575c	29.025c
Straits tin (New York) at	Sept. 8	93.250c	93.000c	94.250c	83.000c
Lead (New York) at	Sept. 8	14.500c	14.250c	14.000c	14.000c
Lead (St. Louis) at	Sept. 8	14.300c	14.050c	13.800c	13.800c
Zinc (East St. Louis) at	Sept. 8	11.500c	11.000c	11.000c	10.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 14	99.88	100.06	100.44	92.81
Average corporate	Sept. 14	110.52	110.70	110.70	103.30
Aaa	Sept. 14	115.24	115.24	115.82	107.44
Aa	Sept. 14	112.37	112.56	112.75	105.17
A	Sept. 14	110.70	110.70	110.34	102.96
Baa	Sept. 14	104.48	104.66	104.31	97.94
Railroad Group	Sept. 14	109.24	109.24	109.24	101.47
Public Utilities Group	Sept. 14	110.70	110.88	111.07	102.63
Industrials Group	Sept. 14	111.81	112.00	111.81	105.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 14	2.51	2.49	2.46	3.01
Average corporate	Sept. 14	3.14	3.13	3.13	3.55
Aaa	Sept. 14	2.89	2.89	2.86	3.31
Aa	Sept. 14	3.04	3.03	3.02	3.44
A	Sept. 14	3.13	3.13	3.15	3.57
Baa	Sept. 14	3.48	3.47	3.49	3.88
Railroad Group	Sept. 14	3.21	3.21	3.21	3.66
Public Utilities Group	Sept. 14	3.13	3.12	3.11	3.59
Industrials Group	Sept. 14	3.07	3.06	3.07	3.40
MOODY'S COMMODITY INDEX	Sept. 14	408.3	412.6	429.7	414.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 4	311,987	210,528	277,574	349,603
Production (tons)	Sept. 4	244,002	241,922	245,341	259,476
Percentage of activity	Sept. 4	91	92	91	98
Unfilled orders (tons) at end of period	Sept. 4	398,372	330,720	416,806	555,638
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 10	106.39	106.61	106.85	105.91
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of shares	Aug. 28	911,846	1,049,762	1,162,832	678,243
Dollar value	Aug. 28	$43,116,440	$47,922,721	$52,515,998	$29,531,886
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Aug. 28	995,014	1,144,156	1,150,209	573,909
Customers' short sales	Aug. 28	13,121	14,674	8,633	9,777
Customers' other sales	Aug. 28	981,893	1,129,482	1,141,576	564,132
Dollar value	Aug. 28	$45,140,799	$51,009,687	$48,237,271	$22,136,838
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 28	378,630	383,870	348,260	189,600
Short sales	Aug. 28	------	------	------	------
Other sales	Aug. 28	378,630	383,870	348,260	189,600
Round-lot purchases by dealers—					
Number of shares	Aug. 28	254,820	286,162	367,620	256,750
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Aug. 21	619,410	585,850	485,520	205,990
Other sales	Aug. 21	12,408,410	13,727,520	12,927,560	4,994,740
Total sales	Aug. 21	13,027,820	14,313,370	13,413,080	5,200,730
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 21	1,442,030	1,627,620	1,513,580	529,480
Short sales	Aug. 21	252,260	324,110	290,580	78,690
Other sales	Aug. 21	1,165,410	1,344,670	1,261,610	434,510
Total sales	Aug. 21	1,417,670	1,668,780	1,552,190	513,200
Other transactions initiated on the floor—					
Total purchases	Aug. 21	420,730	542,190	456,350	87,700
Short sales	Aug. 21	40,800	34,400	22,120	4,100
Other sales	Aug. 21	368,700	463,270	454,260	85,340
Total sales	Aug. 21	409,500	497,670	476,380	89,440
Other transactions initiated off the floor—					
Total purchases	Aug. 21	451,720	501,808	400,602	215,300
Short sales	Aug. 21	211,720	96,660	47,220	38,660
Other sales	Aug. 21	624,880	571,375	476,200	213,760
Total sales	Aug. 21	836,600	668,035	523,420	252,420
Total round-lot transactions for account of members—					
Total purchases	Aug. 21	2,314,480	2,671,618	2,370,532	832,480
Short sales	Aug. 21	504,780	455,170	359,920	121,450
Other sales	Aug. 21	2,158,990	2,379,315	2,192,070	733,610
Total sales	Aug. 21	2,663,770	2,834,485	2,551,990	855,060
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 7	109.7	109.5	110.2	110.4
Farm products	Sept. 7	92.6	91.6	95.6	96.5
Processed foods	Sept. 7	104.8	*104.7	105.2	104.1
Meats	Sept. 7	86.1	85.8	88.6	89.4
All commodities other than farm and foods	Sept. 7	114.4	114.4	114.3	114.7

*Revised figure. ¶Includes 687,000 barrels of foreign crude runs. §Based on new annual capacity of 124,330,410 tons as of Jan. 1, 1954, as against the Jan. 1, 1953 basis of 117,547,470 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of July:			
Total gas (M therms)	3,845,904	4,180,317	3,603,900
Natural gas sales (M therms)	3,660,678	3,954,396	3,419,300
Manufactured gas sales (M therms)	31,876	37,593	51,500
Mixed gas sales (M therms)	153,350	188,328	133,100
AMERICAN ZINC INSTITUTE, INC.—Month of August:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	71,793	*70,749	83,241
Shipments (tons of 2,000 pounds)	76,535	*73,846	69,250
Stocks at end of period (tons)	193,285	*198,027	117,897
Unfilled orders at end of period (tons)	41,059	*38,899	32,988
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of August (in millions):			
Total new construction	$3,605	$3,512	$3,345
Private construction	2,436	2,387	2,223
Residential building (nonfarm)	1,278	1,252	1,114
New dwelling units	1,140	1,110	980
Additions and alterations	110	113	110
Nonhousekeeping	28	29	24
Nonresidential building (nonfarm)	552	549	493
Industrial	160	161	174
Commercial	207	203	169
Warehouses, office and loft buildings	88	81	66
Stores, restaurants, and garages	119	122	103
Other nonresidential building	185	185	150
Religious	55	51	43
Educational	53	51	38
Social and recreational	20	20	15
Hospital and institutional	29	29	27
Miscellaneous	28	34	27
Farm construction	167	164	185
Public utilities	427	410	420
Railroad	37	36	39
Telephone and telegraph	56	55	52
Other public utilities	334	319	329
All other private	12	12	11
Public construction	1,169	1,125	1,122
Residential building	26	26	44
Nonresidential building	421	407	376
Industrial	128	129	150
Educational	187	180	148
Hospital and institutional	35	33	28
Other nonresidential building	71	65	50
Military facilities	80	81	120
Highways	440	415	395
Sewer and water	96	90	80
Miscellaneous public service enterprises	22	22	22
Conservation and development	69	69	74
All other public	15	15	11
COKE (BUREAU OF MINES)—Month of July:			
Production (net tons)	4,618,665	*4,640,064	6,783,000
Oven coke (net tons)	4,591,496	4,608,874	6,369,400
Beehive coke (net tons)	27,169	*31,190	413,600
Oven coke stock at end of month (net tons)	2,843,039	2,973,037	2,220,692
CONSUMER PRICE INDEX — 1947-49=100 — Month of July:			
All items	115.2	115.1	114.7
Food	114.6	113.8	113.8
Food at home	114.2	113.3	113.8
Cereals and bakery products	121.6	121.3	119.1
Meats, poultry and fish	109.7	111.1	112.0
Dairy products	104.3	102.9	108.3
Fruits and vegetables	120.1	117.1	118.2
Other foods at home	117.3	115.2	112.3
Housing	119.0	118.9	117.8
Heat	128.5	128.3	123.8
Gas and electricity	107.8	107.6	106.4
Solid fuels and fuel oil	121.1	120.9	123.7
Housefurnishings	105.7	105.8	108.1
Household operation	117.2	107.2	115.7
Apparel	104.0	104.2	104.4
Men's and boys'	106.6	107.0	107.4
Women's and girls'	98.2	98.5	98.9
Footwear	116.5	116.3	115.0
Other apparel	90.8	91.0	92.2
Transportation	126.7	128.9	129.7
Medical care	125.2	125.1	121.5
Personal care	113.3	112.7	112.6
Reading and recreation	107.0	106.4	107.4
Other goods and services	120.3	120.1	118.3
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—Estimates as of Sept. 1:			
Production 500-lb. gross bales	11,832,000	12,680,000	16,465,000
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of June (000's omitted)	33,118,774	32,482,546	31,503,59g
Revenue from ultimate customers—month of June	$587,473,000	$579,131,000	$553,128,900
Number of ultimate customers at June 30	50,508,403	50,351,847	49,112,535
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of August:			
Copper (per pound)—			
Electrolytic domestic refinery	29.700c	29.700c	29.611c
Electrolytic export refinery	29.492c	29.570c	29.254c
Lead—			
Common, New York (per pound)	14.058c	14.000c	14.000c
Common, St. Louis (per pound)	13.858c	13.800c	13.800c
‡‡Prompt, London (per long ton)	£96.908	£95.693	£95.363
‡‡Three months, London (per long ton)	£94.896	£93.969	£89.597
¶Antimony, New York Boxed	31.970c	31.970c	37.970c
Antimony (per pound) bulk, Laredo	28.500c	28.500c	34.500c
Antimony (per pound) Laredo	29.000c	29.000c	35.000c
Platinum, refined (per ounce)	$84.000	$84.000	$92.615
Zinc (per pound)—East St. Louis	11.000c	11.000c	10.982c
††Zinc, London, prompt (per long ton)	£75.318	£77.563	£72.894
††Zinc, London three months (per long ton)	£75.592	£78.051	£72.881
†Cadmium, refined (per pound)	$1.70000	$1.70000	$2.00000
‡Cadmium, (per pound)	$1.70000	$1.70000	$2.07500
§Cadmium (per pound)	$1.70000	$1.70000	$2.15000
Cobalt, 97%	$2.60000	$2.60000	$2.40000
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	85.250c	85.250c
Silver, London (pence per ounce)	72.940	72.466	74.000
Sterling Exchange (Check)	$2.81324	$2.81774	$2.81533
Tin, New York Straits	93.356c	96.577c	80.596c
§§New York, 99% min.	92.356c	95.577c	79.596c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$290.000	$286.923	$188.308
Aluminum, 99% plus, ingot (per pound)	22.106c	21.500c	21.500c
Magnesium ingot (per pound)	27.000c	27.000c	27.000c
**Nickel	60.000c	60.000c	60.000c
Bismuth (per pound)	$2.25	$2.25	------
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Aug.:			
Industrials (125)	4.66	4.54	5.79
Railroads (25)	6.30	5.95	7.01
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.69	4.56	5.57
Banks (15)	4.32	4.35	4.55
Insurance (10)	2.79	2.73	3.46
Average (200)	4.75	4.61	5.75

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic, five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colborne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from E. St. Louis exceeds 0.5c. ¶¶Corrected figure.

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An Outline Appraisal of The Financial Outlook

seems communistic in form and nationalistic in spirit.

Regarding China—anyone conversant with the 4,000 year old culture of that nation, and the traditional territorial rivalries with Russia—and Japan—in the Manchurian area—would surmise that the Chinese would only remain a Russian satellite so long as they believe it serves their own interests.

In Latin America there are the familiar signs of political troubles—arising principally from the inevitable decline of commodity prices. This will probably continue for some years—because all of Latin America—from the Rio Grande to Cape Horn is still a commodity producing area—which enjoys great prosperity in a War Boom.

The inhabitants and the governments are now beginning to feel poorer through the price level adjustment. They do not enjoy this. In the past they have always reacted with revolutions of some sort under these conditions. Argentina might be an exception. Peron has been a wet blanket on the postwar boom—and he now seems to be courting American business.

The Communist element will try to make capital out of these agitations—but they are basically only a small minority—as in other parts of the American continent — where real economic opportunity exists—and there is no general desire for a regimented system.

The Canadian economic situation is closely linked with ours. It will probably follow generally the major trend in the United States.

In the U. S. the following economic factors should sustain a fairly good business period for some time — probably with a visibly improving trend in the fourth quarter of 1954 and into 1955.

(1) Continuation of the Eisenhower constructive policies toward business activities—an intelligent Central Bank policy—stimulation of private enterprise—tax and spending reductions—with some subsidies for agriculture—and fairness toward labor. (At this point it might be well to insert a remainder that the election of a Democratic Congress in 1954 would inject some confusion and additional uncertainties in General Business and Markets.)

(2) The commercial building boom is well under way — just as the housing boom shows some signs of tiring. (These items are also symptoms of the latter phases of a great War Boom similar to 1927-1929.)

(3) The rearmament program will be continued — at probably gradually declining levels. Everyone knows we must have the best Navy and Air Force—and New Technical Weapons—in the world.

(4) The world trade boom is still expanding — a part of this brushes off on us.

(5) The population increase in U. S. is a favorable trend — although its effect is more long-term secular than immediately sustaining to the long war boom.

The stock market while high historically in terms of dollars—is not out of line with the past—if proper allowance is made for the Roosevelt gold devaluation in 1934—and the new U. S. Government debt of $275 billion (both permanently inflationary as regards the value of the dollar).

The Dow-Jones Industrial average has never yet reached the approximate 3½% yield basis — close to good bonds—or the price earnings ratio of 18 to 20 times—which was the case before the major down turns of 1929—1937—1946.

The market is only borrowing about $1.5 billion—as against $8.5 billion in 1929. It does not seem vulnerable on the score of debt.

However, the War Boom is fading. The traditional time element of about 10 years from the end of hostilities until the second Postwar liquidating period has been well used up.

It is no longer so easy to make money. Caution and studious selection are more necessary than ever — in the securities market. Every investor should rely more than ever on skilled and experienced investment management in the handling of a diversified Portfolio.

The intensive economic demands of a great war period, particularly in heavy industry will not last forever—in America—or in other parts of the world. (It will be remembered that at the low point in 1931-32 Heavy Industry was off about 90%—Consumers Goods about 20% — and the Service Industries about 50%.)

Growth industries and companies, as always, generally provide the best medium of investment — and safeguards — over a period of time—especially if they are diversified in products and slanted toward consumers goods—and money securities such as banks and insurance companies.

From the standpoint of debt the following elements probably rank high—in relation to the past:

Real Estate
Instalment Paper
Corporate Industrial Enterprises — although here again the reduced value of the dollar — and the present income of the country running at the rate of some $280 billion against $90 billion in 1929—are saving factors.

The long-term future of the United States looks brilliant. This discourse is simply related to problems arising out of a long period of super-activity.

Flexible Supports Will Not Solve Farm Problem

September issue of "Monthly Bank Letter," published by the National City Bank of New York, says former high supports of farm prices was headed for a breakdown, but, under new legislation, after current surpluses are channeled into consumption, the American farmer will again earn an equitable income. Warns, however, that flexible price supports will not cure farm problem.

Discussing the farm problem in relation to the new legislation recently enacted by Congress, the September issue of the "Monthly Bank Letter," publication of the National City Bank of New York, finds the outlook for farm prices and farmers' income encouraging. Commenting on the flexible price supports as provided in the Agricultural Adjustment Act of 1954, the "Monthly Bank Letter" states:

"When all is said and done the strongest practical argument for flexible supports is the prospect that the high rigid props were headed for breakdown anyway—swamped by the accumulating farm surpluses which they themselves had encouraged. . . .

"It may be recalled that, even before the CCC, the Federal Government, through the Federal Farm Board, was engaging in agricultural price 'stabilization' operations in an effort to stem the declines of 1929-32. That experiment cost the Farm Board a large part of its $500 million revolving fund, without success in checking the fall of prices.

"With the advent of loans and price support operations under the CCC in the '30s, stocks by the latter part of that decade were already reaching burdensome proportions. This was despite the moderate level of price supports, then at 52 to 75% of parity.

"Then came the war and the boosting of price supports to 90% of parity with the view to encouraging maximum production. For a time the insatiable war and postwar needs checked the accumulation of stocks despite high support prices. In fact, the 90% support policy did not come into play during that period, since market demand kept prices above the support levels.

"But with the recovery of world agricultural production and subsidence of extraordinary demands, the tendency of CCC stocks to pile up under supports again became manifest. Only the outbreak of the Korean war prevented the situation from becoming acute then. At that time the CCC was bailed out by world buying induced by the outbreak of hostilities.

"Now, however, CCC stocks and loans are mounting again, at a pace faster than ever. Already this year they have . . . reached an all-time high in excess of $6 billion, and the President has felt compelled to request additional CCC borrowing authority up to $10 billion. With no end in sight, it is inconceivable that the American people would put up indefinitely with a program involving so gigantic a waste of resources.

Basis for Optimism

"No one, of course, supposes that flexible supports will alone give the answer to the agricultural problem. That problem has been a long time building up, and will not be solved in a day. With over $6 billion of farm products in storage, there will be need for production and marketing controls over most basic crops until surplus stocks can be reduced to workable levels—which may take several years. Help in finding the answer will come from our rapidly growing population, with its increasing requirements for food and fiber. But essential to any solution must be a return to a flexible price system which gives the right signals for adjusting production to consumption.

"With a sound farm program, there appears basis for the optimism expressed by Dr. Karl Brandt, Associate Director of the Food Research Institute, Stanford University, in a pamphlet 'Farm Price Supports—Rigid or Flexible?' recently published by the American Enterprise Association. Looking ahead, he states: 'Once the necessary adjustment in the price support policy is made and surpluses are gradually channeled into foreign and domestic consumption, the American farmer will again earn an equitable income based on managerial efficiency and productivity of labor—so long as the industrial economy keeps up a healthy pace of activity and growth—without exorbitant burdens upon all consumers'."

With Boren & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLEY HILLS, Calif. — Burnham Asch has become associated with Boren & Co., 186 North Canon Drive. He was formerly with Samuel B. Franklin & Co.

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Observations . . .

Experience recurrently seems to show that the importance of corporate issues transcends the individuals agitating them.

Merchandising Question to the Fore

The Montgomery Ward situation likewise brings to the fore some vital merchandising questions. How generally to weigh—wholly apart from the established accounting rules—the necessity for "defensive" expenditures by retailers, and whether particular items (like air-conditioning) should be judged as constituting capital improvements or mere competitively-forced non-profit producing current expenditures, are questions to plague the careful investment analyst.

Mr. Avery, with his avoidance of practically *all* capital expenditures for defenese *or* improvement above the cost of $25 store awnings, has concocted a corporate freak whose future will serve as a useful laboratory test to determine (a) the result of capital expenditure starvation, including the possibility of the enterprise's permanent ruination; and (b) a re-assessment of how much is actually necessary along those lines of expenditure, and how much can actually be avoided; and (c) how much outlay is necessary merely to defend one's competitive corporate position.

The question of the necessity and extent of trade experience in the enterprise's controlling head is brought to the fore in this situation. If successful in ousting the present management, will Mr. Wolfson perhaps be able to solve the problem of coping with technical retail merchandising and his own lack of know-how in this field, by calling in investment banking specialists; and if such outside help is resorted to, how successful will it be?

In the Area of Corporate Finance

Another step to bear watching in the corporate finance area may be the institution of an adequate pension and profit-sharing plan, hitherto nonexistent under Mr. Avery. Whether or not the cost actually reaches $1.50 per share before taxes, as has been estimated in some quarters, light will be thrown on the question whether pension and profit-sharing actually pay off in dollars and cents.

Again in the field of corporate finance, a test will come of the practical effects of cumulative voting and the stagger system of electing directors. Under the cumulative voting provisions, 75% plus one of the votes will capture all three of the incoming directors; and 50% plus one will get two of the new directorships. The stagger enters in permitting the majority to control only two instead of five directors coming up for re-election *the first year*. It will be revealed whether it is possible to eliminate the stagger system midst a company fight; the result of such change being merely to speed up the change in management control and to accelerate the reconstitution of the board to the first oncoming election. Can progressive corporate democracy work under the staggered timetable; or are they mutually exclusive?

An Analyst's Dream

But it is the investment analyst for whom the Ward developments are really made to order. The latest six-month statement shows a before-tax *earnings* drop from $32 million to $24 million; accompanied on the other hand by a net-quick liquidating figure of $88.50 per share (up from $85.80 twelve months ago), with cash and short-term governments at $44 per share (up from $33 per share), and with uncashed time accounts receivable at another $24 per share.

Shall such phenomenal balance sheet strength be deemed to overcome earning power weakness? Can large accumulated liquid assets be translated into earning power or otherwise into realized benefit to the stockholder?

How shall the presently unneeded cash of at least $25 per share most advantageously find its way into the hands of the stockholder: through expansion or direct payment and if the latter, perhaps via a tender for stock to be bought in and retired? (At Mr. Wolfson's advent to capital transit, large dividend distributions were made.)

In this column of a year ago this unneeded cash was treated as follows in an appraisal of Montgomery Ward stock on a long-term value basis:

	Per Share
(1) Total liabilities (including preferred capital)	$17.00
(2) Cash-and-equivalent	33.00
(3) Unsold time accounts	28.00
(4) Total current assets	103.00
(5) Liquidating value (item 4 less item 1)	86.00
(6) Estimated average earnings	7.00
(7) Expected long-term average dividend	4.50
Advantageous buying price based on capitalization of above dividend	**65.00**
Fair price including addition of $25 unneeded cash	**90.00**

* * *

Realization of this or similar value is one of the many important aspects at issue whose imminent unfolding, along with the other broad questions which we have cited, will be arousing deep long-term interest.

Two With Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Will A. Denvir and Oliver W. Hickel have joined the staff of Fusz-Schmelzle & Co., Boatmen's Bank Building, members of the Midwest Stock Exchange.

Loewi Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Gordon T. Campbell and Ralph E. Davis have been added to the staff of Loewi & Co., 225 East Mason Street, members of the Midwest Stock Exchange.

A. M. Kidder Adds

(Special to THE FINANCIAL CHRONICLE)

FT. MYERS, Fla. — Thomas E. Blount has become associated with A. M. Kidder & Co., 915 First Street.

Joins Ferrell & Ferrell

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Dorothy A. Littler has joined the staff of Ferrell & Ferrell, 411½ Main Street.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Albuquerque Electronics Corp.
Sept. 10 (letter of notification) 10,700 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For general corporate purposes. **Office** — 2318 Valencia Drive, N. E., Albuquerque, N. M. **Underwriter**—None.

Allen Discount Corp., Boulder, Colo.
Aug. 13 (letter of notification) 900,000 shares of class B non-voting common stock. **Price**—At par (25 cents per share). **Proceeds**—For loans (mainly promissory notes). **Office**—1334 Pearl Street, Boulder, Colo. **Underwriter**—Allen Investment Co., Boulder, Colo.

Allied Control Co., Inc.
Aug. 27 filed 100,000 shares of common stock (par $1). **Price**—$8 per share. **Proceeds**—To selling stockholders. **Offices**—New York, N. Y., and Plantsville, Conn. **Underwriter**—Bache & Co., New York. **Offering**—Expected today (Sept. 16).

Amalgamated Uranium Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—218 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., the same city.

American Buyers Credit Co., Phoenix, Ariz.
Aug. 6 filed 5,000,000 shares of common stock to be issued to policyholders of American Buyers Insurance Co. and American Buyers Casualty Co., and employees. **Price**—To so-called "Expansion Policyholders" (various policyholders of both insurance companies), and employees, at par ($1 per share); and to all other policyholders in the insurance companies, $1.25 per share. **Proceeds**—To expand in the small loan field. **Underwriter**—None.

American Buyers Insurance Co., Phoenix, Ariz.
Aug. 18 (letter of notification) 2,500 shares of common stock, to be offered to stockholders on a pro rata basis. **Price**—At par ($10 per share). **Proceeds**—To acquire capital required by Arizona law for a stock benefit insurance company. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American-Canadian Oil & Drilling Corp.
May 12 filed 1,500,000 shares of common stock. Price—At par ($1 per share). Proceeds—For drilling expenses and acquisition of additional properties for development and exploration, and related activities. Office—Dallas, Tex. Underwriter—None.

American Independent Reinsurance Co. (9/23)
Sept. 2 filed 900,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To be invested in securities of other companies and for working capital. **Office**—Orlando, Fla. **Underwriter**—Goodbody & Co., New York.

• American Seal-Kap Corp. of Delaware (9/17)
Aug. 25 filed 61,312 shares of common stock (par $2) to be offered for subscription by common stockholders on the basis of one new share for each three shares held about Sept. 15; rights to expire on or about Sept. 28. Price—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Long Island City, N. Y. **Underwriters** — American Securities Corp. and Hirsch & Co., both of New York City.

• American Telephone & Telegraph Co. (9/21)
Sept. 1 filed $250,000,000 30-year debentures due Sept. 15, 1984. **Proceeds**—For advances to subsidiaries and associated companies; for purchase of stock offered for subscription by such companies; for extensions, additions and improvement and general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co. **Bids**—To be received up to 11:30 a.m. (EDT) on Sept. 21 at Room 2315, 195 Broadway, New York, N. Y.

American Uranium, Inc., Moab, Utah
Aug. 18 (letter of notification) 3,320,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For exploration and development expenses. **Underwriter**—Ogden Uranium Brokerage Co., Ogden, Utah.

Arco Uranium, Inc., Denver, Colo.
Sept. 7 filed 2,500,000 shares of common stock, of which 1,000,000 shares are to be publicly offered, 1,000,000 shares in exchange for property and 300,000 shares to be optioned to Benjamin Arkin, President, and 200,000 shares to be optioned to underwriters. **Price**—At par (50 cents per share). **Proceeds**—To repay advances and loan from Mr. Arkin, purchase equipment and for exploration and development expenses. **Underwriter** — Peters, Writer & Christensen, Inc., Denver, Colo.

Arden Farms Co., Los Angeles, Calif.
June 11 filed 32,669 shares of $3 cumulative and participating preferred stock (no par value) and 52,876 shares of common stock (par $1), the preferred shares being offered for subscription to holders of outstanding preferred stock of record July 7 on 1-for-10 basis, and the common stockholders to have right to subscribe for the new common stock on a 1-for-10 basis; rights to expire on Sept. 24. **Price**—For preferred, $48 per share; and for common $12.50 per share. **Proceeds**—To reduce bank loans. **Underwriter**—None.

Arkansas Natural Resources Corp.
June 11 (letter of notification) 299,500 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to drilling for magnetic iron ore. **Office**—Rison, Ark. **Underwriter**—Eaton & Co., Inc., New York, N. Y.

• Audubon Park Raceway, Inc. (9/23-24)
Aug. 24 filed 970,000 shares of common stock (par 10¢), of which 900,000 shares are to be offered to public. **Price** $1 per share. **Proceeds**—To purchase land, construct racing plant, buy equipment and for working capital. **Office**—Morganfield, Ky. **Underwriters**—Berwyn T. Moore & Co., Inc., Louisville, Ky.; Gearhart & Otis, Inc., New York, and Crerie & Co., Inc. Houston, Tex.

Automatic Remote Systems, Inc., Baltimore
Aug. 4 filed 620,000 shares of common stock (par 50 cents), of which 540,000 shares are to be offered to public and 80,000 shares to be issued to underwriter. **Price**—$3.75 per share. **Proceeds**—For manufacture of Telebet units and Teleac systems and additions to working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co., Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

Black Hawk Uranium & Metals Co.
Aug. 9 (letter of notification) 5,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—

Continued on page 38

NEW ISSUE CALENDAR

September 17 (Friday)

American Seal-Kap Corp. of Delaware ____ **Common**
(Offering to stockholders—to be underwritten by American Securities Corp. and Hirsch & Co.) 61,312 shares

Chemical Products Corp. ____ **Common**
(Offering to Photon, Inc. stockholders and to public—underwritten by G. H. Walker & Co.) 125,000 shares

September 20 (Monday)

Columbus & Southern Ohio Electric Co. ____ **Common**
(Dillon, Read & Co. Inc. and The Ohio Company) 200,000 shares

El Dorado Mining Co. ____ **Common**
(Van Blerkom & Co.) $175,000

San Diego Gas & Electric Co. ____ **Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc) 800,000 shares

U. S. Fiberglass Industrial Plastics, Inc. ____ **Common**
(General Investing Corp.) $300,000

Western Massachusetts Electric Co. ____ **Bonds**
(Bids noon EDT) $6,000,000

September 21 (Tuesday)

American Telephone & Telegraph Co. ____ **Bonds**
(Bids 11.30 a.m. EDT) $250,000,000

First National Bank in Dallas ____ **Common**
(Probably Merrill Lynch, Pierce, Fenner & Beane and The First Boston Corp.) $5,000,000

September 22 (Wednesday)

Dayton Power & Light Co. ____ **Bonds**
(Bids 11 a.m. EDT) $15,000,000

Guild Films Co., Inc. ____ **Common**
(Van Alstyne, Noel & Co.) 250,000 shares

Ketay Instrument Corp. ____ **Common**
(A. G. Becker & Co. Inc.) 300,000 shares

Middle South Utilities, Inc. ____ **Common**
(Offering to stockholders—no underwriting) 475,000 shares

Supermarket Merchandisers of America Inc. ____ **Com.**
(Milton D. Blauner & Co., Inc.) $299,550

Tampa Electric Co. ____ **Preferred**
(Bids 11 a.m. EDT) $5,000,000

September 23 (Thursday)

American Independent Reinsurance Co. ____ **Common**
(Goodbody & Co.) $3,600,000

Audubon Park Raceway, Inc. ____ **Common**
(Berwyn T. Moore & Co., Inc.; Gearhart & Itis, Inc.; and Crerie & Co., Inc.) $970,000

General Nucleonics Corp. ____ **Common**
(George F. Breen) $297,500

Hercules Plastics Corp. ____ **Common**
(Lincoln Securities Corp.) $150,000

Northern Pacific Ry. ____ **Bonds**
(Bids noon EDT) $52,000,000

Riddle Uranium Mines, Inc. ____ **Common**
(Teller & Co.) $300,000

Western Development Co. ____ **Common**
(J. G. White & Co., Inc.) $1,500,000

September 27 (Monday)

Sprague Engineering Corp. ____ **Common**
(William R. Staats & Co.) 142,500 shares

September 28 (Tuesday)

Cott Beverage Corp. ____ **Common**
(Ira Haupt & Co.) 200,000 shares

General Telephone Co. of Illinois ____ **Preferred**
(Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Tully & Co.) 82,000 shares

Northern States Power Co. ____ **Bonds**
(Bids 10:30 a.m. CST) $20,000,000

Spencer Chemical Co. ____ **Preferred**
(Morgan Stanley & Co. and Goldman, Sachs & Co.) $15,000,000

September 29 (Wednesday)

Columbus & Southern Ohio Electric Co. ____ **Bonds**
(Bids 11:30 a.m. EST) $10,000,000

New England Electric System ____ **Common**
(Offering to stockholders—bids to 11 a.m. EST) 910,883 shares

Texas Gas Transmission Corp. ____ **Preferred**
(Dillon, Read & Co. Inc) $7,500,000

Tri-Continental Corp. ____ **Preferred**
(Exchange offer to preferred stockholders—underwritten by Union Securities Corp.) $40,537,000

September 30 (Thursday)

Louisville & Nashville RR. ____ **Bonds**
(Bids to be invited) $30,350,000

National City Bank of New York ____ **Common**
(Offering to stockholders—underwritten by The First Boston Corp.) $131,250,000

October 4 (Monday)

Public Service Co. of Colorado ____ **Bonds**
(Bids noon EST) $20,000,000

October 5 (Tuesday)

Central Louisiana Electric Co., Inc. ____ **Debentures**
(Offering to common stockholders—underwritten by Kidder, Peabody & Co.) $3,275,000

Indiana & Michigan Electric Co. ____ **Bonds**
(Bids 11 a.m. EST) $16,500,000

Indiana & Michigan Electric Co. ____ **Preferred**
(Bids 11 a.m. EST) $4,000,000

Metropolitan Edison Co. ____ **Bonds**
(Bids 11 a.m. EST) $15,000,000

Sierra Pacific Power Co. ____ **Common**
(Offering to stockholders—to be underwritten by Stone & Webster Securities Corp. and Dean Witter & Co.) 34,807 shares

October 6 (Wednesday)

Wisconsin Power & Light Co. ____ **Bonds**
(Bids to be invited) $18,000,000

October 11 (Monday)

Anglo California National Bank ____ **Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $11,812,500

State Loan & Finance Corp. ____ **Debentures**
(Johnston, Lemon & Co.) $8,000,000

October 13 (Wednesday)

Mississippi Power & Light Co. ____ **Preferred**
(Bids 11 a.m. EST) $4,447,600

October 14 (Thursday)

Incorporated Income Fund ____ **Common**
(Kidder, Peabody & Co.) 750,000 to 1,000,000 shares

October 18 (Monday)

Texas Power & Light Co. ____ **Bonds**
(Bids 11:30 a.m. EST) $20,000,000

October 19 (Tuesday)

New York Telephone Co. ____ **Bonds**
(Bids to be invited) $75,000,000

October 20 (Wednesday)

Louisiana Power & Light Co. ____ **Bonds**
(Bids to be invited) $17,000,000

October 25 (Monday)

Sierra Pacific Power Co. ____ **Bonds**
(Bids to be invited) $4,000,000

October 26 (Tuesday)

Savannah Electric & Power Co.
Bonds, Debs. & Preferred
(Bids to be invited) $11,000,000

October 27 (Wednesday)

Florida Power & Light Co. ____ **Bonds**
(Bids to be invited)

November 16 (Tuesday)

Pacific Telephone & Telegraph Co. ____ **Debentures**
(Bids to be invited) $50,000,000

Continued from page 37

For mining operations. **Office**—136 S. State Street, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Bonneville Basin Uranium Corp.
Aug. 23 (letter of notification) 15,000,000 shares of capital stock. **Price** — At par (two cents per share). **Proceeds** — For exploration and development expenses. **Office**—629 East South Temple St., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., of the same city.

Buffalo Forge Co., Buffalo, N. Y.
July 7 filed 85,000 shares of common stock (par $1). Price—To be related to current market price at time of offering. **Proceeds**—To 11 selling stockholders. **Underwriter**—Hornblower & Weeks, New York. **Offering**—Postponed indefinitely.

Cahokia Downs, Inc., East St. Louis, Ill.
Aug. 30 filed 140,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Aug. 28. **Price**—$5 per share. **Proceeds**—For construction of racing plant. **Underwriter**—None. The directors and their associates will purchase any unsold shares.

California Electric Power Co.
July 21 (letter of notification) 8,000 shares of common stock (par $1). **Price** — At market (on the American Stock Exchange). **Proceeds** — To Mono Power Co. (an affiliate) to retire indebtedness. **Underwriter**—Wagenseller & Durst, Inc., Los Angeles, Calif.

California Electric Power Co.
April 22 filed 105,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment **Proceeds** — For construction costs, etc. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Temporarily deferred.

Carolina Resources Corp.
Aug. 19 (letter of notification) 299,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To acquire claims and mining equipment, erect and equip processing plant, and for working capital. **Office**—Nantahala Bldg., Franklin, N. C. **Underwriter** — Allen E. Beers Co., Western Savings Fund Bldg., Phila. 7, Pa.

Cessna Aircraft Co. (Kansas)
Aug. 9 (letter of notification) 1,700 shares of common stock (par $1). **Price**—$14 per share. **Proceeds**—To Getto McDonald, a director. **Underwriter**—Harris, Upham & Co., New York.

• Chemical Products Corp. (9/17)
Aug 27 filed 125,000 shares of common stock (par $1), of which 111,638 shares are to be offered by Photon, Inc. for subscription by its stockholders on the basis of one share for each two shares of Photon, Inc. held about Sept. 17; with rights to expire about Oct. 1 and the remaining 13,362 shares are to be offered by Chemical Products Corp. to its employees. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—G. H. Walker & Co., Providence, R. I.

Cherokee Utah Uranium Corp.
June 24 (letter of notification) 6,000,000 shares of capital stock (par one cent). Price—Three cents per share. Proceeds—For mining expenses. Office—65 East 4th South, Salt Lake City, Utah. Underwriter—Cromer Brokerage Co., Salt Lake City, Utah.

Chief Consolidated Mining Co.
June 24 filed 1,252,408 shares of preferred stock (par 50 cents) and 626,204 preferred stock purchase warrants being offered for subscription by common stockholders of record Aug. 2 on the basis of one share of preferred and an option to purchase one additional share of preferred stock (at 50 cents per share) for each two common shares held (with an oversubscription privilege); rights to expire on Sept. 30. Price—55 cents per unit. Proceeds—For development program and working capital and general corporate purposes. Office—Salt Lake City, Utah. Underwriter—None. Statement effective July 28.

Colorado Mining Corp., Denver, Colo.
Aug. 23 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—At the market (estimated at $1 per share). **Proceeds**—To certain selling stockholders. **Underwriter**—L. D. Friedman & Co., Inc., New York.

Colorado Sports Racing Association
Aug. 19 (letter of notification) 297,995 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction of track and working capital. **Office** — Equitable Bldg., Denver, Colo. **Underwriter** — General Investing Co., same city.

★ Columbine Uranium, Inc., Denver, Colo.
Sept. 9 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For exploration and development costs. **Office**—312 Colorado Building, Denver, Colo. **Underwriter** — None.

Columbus & Southern Ohio Electric Co. (9/20)
Aug. 31 filed 200,000 additional shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Dillon, Read & Co. Inc., New York, and The Ohio Company, Columbus, Ohio.

Columbus & Southern Ohio Electric Co. (9/29)
Aug. 31 filed $10,000,000 of first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Dillon Read & Co. Inc. and The Ohio Company (jointly); Salomon Bros. & Hutzler; Union Securities Corp. and Glore, Forgan & Co. (jointly); White, Weld & Co.; Carl M. Loeb, Rhoades & Co. and Lee Higginson Corp. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EST) on Sept. 29 at City Bank Farmers Trust Co., 22 William Street, New York 15, N. Y.

★ Commonwealth Edison Co., Chicago, Ill.
Sept. 8 filed 500,000 shares of common stock (par $25) to be offered to all employees of the company pursuant to company's Employee Stock Purchase Plan.

Consol. Edison Co. of New York, Inc.
April 7 filed $50,000,000 of first and refunding mortgage bonds, series K, due May 1, 1984. Proceeds—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. Offering—Originally set for May 11, but has been postponed because of market conditions. No new date set.

• Cott Beverage Co. (9/28)
Aug. 27 filed 200,000 shares of common stock (par $1.50), of which 120,000 shares are for the account of the company and 80,000 shares for certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—New Haven, Conn. **Underwriter**—Ira Haupt & Co., New York.

Danaho Refining Co., Houston, Texas
June 14 filed $625,000 of 6% debentures and 375,000 shares of common stock (par 10 cents) to be offered in units of $50 of debentures and 30 shares of stock. Price—$100 per unit. Proceeds—For additions and improvements. Underwriter—None.

Danaho Refining Co., Houston, Texas
June 14 filed 110,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For additions and improvements. **Underwriter**—None.

Dayton Power & Light Co. (9/22)
Aug. 23 filed $15,000,000 of first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Lehman Brothers; Blyth & Co., Inc. and The First Boston Corp. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on Sept. 22 at Irving Trust Co., One Wall St., New York, N. Y.

★ Dell Survey, Inc., Dallas, Texas
Sept. 8 (letter of notification) 16,835 shares of common stock (par 20 cents). **Price**—$15 per share. **Proceeds**—For development and research in field of gamma-ray exploration techniques for oil, gas and uranium discovery. **Office**—5738 N. Central Expressway, Dallas, Texas. **Underwriter**—None.

• El Dorado Mining Co. (9/20-24)
Aug. 23 (letter of notification) 17,500,000 shares of common stock. **Price** — At par (one cent per share). **Proceeds** — For exploration and development expenses. **Office**—223 Phillips Petroleum Building, Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

El Rey Uranium Corp., Salt Lake City, Utah
Aug. 24 (letter of notification) 1,475,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For exploration and development expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriters** — Mid-Continent Securities, Inc., Cromer Brokerage Co. and Coombs & Co., all of Salt Lake City.

Eureka Uranium Corp., Cheyenne, Wyo.
July 12 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For mining expenses. **Office**—2215 Duff Ave., Cheyenne, Wyo. **Underwriter**—Underwriters, Inc., Sparks, Nev.

Fidelity Acceptance Corp., Minneapolis, Minn.
Aug. 30 filed 6,000 shares of 7% cumulative preferred stock (par $25), to be offered to employees; $900,000 of 5¾% capital debentures and 24,000 shares of 6% cumulative class E preferred stock (par $25). **Price**—At par. **Proceeds**—To reduce outstanding bank loans. **Underwriters**—M. H. Bishop & Co., Minneapolis, Minn., and B. I. Barnes, Boulder, Colo.

Financial Credit Corp., New York
Jan. 29 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—E. J. Fountain & Co., Inc., New York.

First Railroad & Banking Co. of Georgia
July 30 filed 42,000 units, each consisting of one share of common stock, one warrant to subscribe at $4.10 per share to 13 shares of common stock, and one $250 5% collateral trust bond due Aug. 1, 1988, to be offered for each of the 42,000 shares of outstanding common stock pursuant to plan of readjustment; also 756,000 shares of common stock, which includes 546,000 shares subject to subscription upon exercise of warrants and 210,000 shares to be offered to public at $4.50 per share through Johnson, Lane, Space & Co., Savannah, Ga., who will also purchase such of the 546,000 shares of common stock not sold upon exercise of warrants.

Forming Machine Co. of America, Inc.
Sept. 1 (letter of notification) 7,000 shares of common stock (par $1) to be offered for subscription by stockholders for a 30-day period. **Price** — $25 per share to stockholders; $30 to public. **Proceeds**—For working capital. **Office**—18 Hamilton St., Bound Brook, N. J. **Underwriter**—None.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploratory and development expenses. **Office** — 618 Rood Avenue, Grand Junction, Colo. **Underwriter** — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 100 Adelaide St. West, Toronto, Canada. **Underwriter**—McCoy & Willard, Boston, Mass.

• General Gas Corp., Baton Rouge, La.
March 19 filed 100,000 shares of common stock (par $5). Price — To be supplied by amendment. Proceeds — To selling stockholders. Underwriter—Kidder, Peabody & Co., New York. Offering—Expected late in September.

• General Nucleonics Corp. (9/23)
Aug. 18 (letter of notification) 59,500 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For expansion and working capital. **Office**—489 Fifth Avenue, New York, N. Y. **Underwriter** — George F. Breen, New York.

★ General Services Life Insurance Co.
Sept. 14 filed 50,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—Washington, D. C. **Underwriter**—None.

★ General Telephone Co. of Illinois (9/28)
Sept. 10 filed 82,000 shares of $2.37½ cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and advances received from parent. **Underwriters** — Paine, Webber, Jackson & Curtis, Stone & Webster Securities Corp. and Mitchum, Tully & Co.

• Georgia Power Co.
Aug. 26 filed 433,869 shares of $4.60 cumulative preferred stock (no par) which are being offered in exchange, together with $5.13⅔ per share in cash, for the outstanding 433,869 shares of $6 preferred stock. The exchange will be from Sept. 15 to Oct. 4. Unexchanged stock will be redeemed on Nov. 6, 1954, at $110 per share. **Price** — Of new stock expected to be $105 per share. **Underwriters**—The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; and Equitable Securities Corp.

Great Basins Petroleum Co., Denver, Colo.
Aug. 30 filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and reduce other debt. **Underwriter**—First California Co., Inc., San Francisco, Calif.

• Guild Films Co., Inc. (9/22-23)
Sept. 3 filed 250,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. Expected at $4 per share. **Proceeds**—For payment of loans and for working capital. **Business**—Manufactures films for television. **Underwriter** — Van Alstyne, Noel & Co., New York.

Gulf States Utilities Co.
May 14 filed 160,000 shares of preferred stock (par $100). Proceeds — To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. Underwriter—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). Bids—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed. Meeting—Stockholders will vote Sept. 17 on new issue.

Gulf States Utilities Co.
May 14 filed $24,000,000 of first mortgage bonds due **June 1, 1984. Proceeds—To redeem $10,000,000 of 3¾% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983. and for general corporate purposes. Underwriter—To be determined by com**petitive bidding. Probable bidders: Halsey. Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

★ Hawaiian Electric Co., Ltd., Honolulu
Sept. 14 filed 50,000 shares of common stock (par $20) to be offered for subscription by stockholders at rate of one new share for each 13 shares held. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—None.

★ Hercules Plastics Corp. (9/23)
Sept. 9 (letter of notification) 75,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—To repay a $17,500 loan; for cost of mold, $20,000; for manufacture and assembling of dishwasher and vacuum breaker-check valve. **Office** — 9 Rochefeller Plaza, New York, N. Y. **Underwriter**—Lincoln Securities Corp., New York.

Homestead Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds** — For exploration and development expenses. **Office**—65 East Fourth South St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., of the same city.

★ Indian Monument Uranium Mining Corp.
Sept. 10 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development. **Office**—205 Byington Bldg., Reno, Nev. **Underwriter**—None.

Indiana & Michigan Electric Co. (10/5)
Sept. 2 filed $16,500,000 of first mortgage bonds due 1984 and 40,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Union Securities Corp., Goldman, Sachs & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; (2) for preferred—The First Boston Corp.; Smith, Barney & Co.; Lehman Brothers; Union Securities Corp. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Oct. 5.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). **Price**—For preferred, $20 per share; and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Underwriter**—Interior Securities, Inc., San Antonio, Tex.

Irwin Community Television Co., Irwin, Pa.
Aug. 31 filed 4,000 shares of 5% cumulative preferred stock (par $100) and 2,250 shares of common stock (par $100), of which 4,000 shares and 2,000 shares, respectively, have been subscribed for by 156 persons prior to registration thinking registration was unnecessary. Each subscription agreement provided for payment of 2% of the total purchase price on signing agreement and balance on request of the board of directors or at any time on or after 15 days from date of grant of television permit. **Price**—$100 per share. **Proceeds**—For organization expenses, equipment, construction and related purposes.

● **Ketay Instrument Corp., New York City (9/22)**
Aug. 27 filed 300,000 shares of common stock (par 10 cents), of which 200,000 shares are to be offered by the company and 100,000 shares for account of certain selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—To pay outstanding obligations. **Business**—Designs, develops and manufactures rotating precision electronic controls and instruments. **Underwriter**—A. G. Becker & Co. Inc., Chicago and New York.

Keystone Fund of Canada, Ltd., Montreal, Canada
Aug. 2 filed 1,250,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—The Keystone Co. of Boston, Boston, Mass.

Ladoric Mines Ltd., Montreal, Canada
July 30 (regulation "D") 600,000 shares of common stock (par five cents). **Price**—50 cents per share. **Proceeds**—For exploration, etc. **Office**—3455 Stanley St., Montreal, Canada. **Underwriter** — Daggett Securities, Inc., Newark, N. J.

Lake Lauzon Mines, Ltd., Toronto, Can.
Aug. 2 filed 660,000 shares of common stock (par $1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. **Price**—40 cents per share, U. S. funds. **Proceeds** — For development and exploration expenses. **Underwriter**—To be named by amendment.

★ **Langley Corp., San Diego, Calif.**
Aug. 31 (letter of notification) 330,000 shares of common stock (par $1). **Price**—80 cents per share. **Proceeds**—For working capital. **Office** — 310 Euclid Ave., San Diego, Calif. **Underwriter**—None.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

● **Lindsay Chemical Co.**
Aug 23 filed 60,714 shares of $1 par of common stock being offered for subscription by preferred and common stockholders of record Sept. 13 on the basis of one share for each seven shares of either preferred or common stock held; rights to expire on Sept. 28. **Price**—$27.50 per share. **Proceeds**—For working capital. **Underwriters**—Lehman Brothers, New York; and Farwell, Chapman & Co., Chicago, Ill.

Loma Uranium Corp., Denver, Colo.
June 18 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For exploration and development costs, purchase of equipment, and reserve for acquisition of additional properties. **Underwriter**—Peter Morgan & Co., New York. **Offering**—Expected later in September.

★ **Lorain Telephone Co., Lorain, Ohio**
Sept. 7 (letter of notification) 2,500 shares of common stock (no par) to be first offered for subscription by stockholders. **Price**—$20 per share. **Proceeds**—To reimburse treasury for expenditures already made for additions to property. **Office**—203 West Ninth Street, Lorain, Ohio. **Underwriter**—None.

★ **Louisiana Power & Light Co. (10/20)**
Sept. 14 filed $18,000,000 of first mortgage bonds due 1984. **Proceeds**—To redeem $12,000,000 4% bonds due 1983, and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler; Kuhn, Loeb & Co., Lehman Brothers and A. C. Allyn & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Union Securities Corp. and Wertheim & Co. (jointly); Blyth & Co., Inc.; W. C. Langley & Co., The First Boston Corp. and Glore Forgan & Co. (jointly); Harriman Ripley & Co. Inc. **Bids**—Expected Oct. 20.

Marion River Uranium Co.
June 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For development expenses. **Underwriter**—Crerie & Co., Houston, Tex.

Mars Metal Corp., San Francisco, Calif.
July 23 filed 121,000 shares of class A stock (par 10 cents) and 3,000,000 shares of common stock. It is planned to sell at $2.50 per share 75,000 class A shares privately, the remaining 46,000 shares to be issued to provide working capital or funds for investment. Of the common stock, 320,000 shares are to be reserved for holders of class A stock; 172,000 shares for issuance at 10 cents per share pursuant to stock options given to certain key employees; and 100,000 shares are reserved for issuance at $1.50 per share during the years 1955-1957 upon the exercise of a like number of warrants granted to certain dealers in connection with public offering by F. W. Stephens Co., New York, of 199,000 class A shares. The registration statement may be amended to change the designation of the 121,000 shares of class A stock to class B stock. **Price**—Of common, may be $2.50 per share when offered.

McCluskey Wire Co., Inc., New Haven, Conn.
June 21 (letter of notification) $95,000 of 5% debentures, series A, due July 1, 1962, and $95,000 of 6% debentures, series B, due July 1, 1970. **Proceeds**—To acquire assets and business of H. & T. McCluskey & Sons, Inc. **Office**—527 Grand Avenue, New Haven, Conn. **Underwriter**—Barnes, Bodell & Goodwin, Inc., New Haven, Conn.

★ **Mente Sane Hospital of Physicians and Surgeons, Inc.**
Aug. 31 (letter of notification) 150,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds** — To acquire hospital and property. **Office**—2834 Glendale Blvd., Los Angeles, Calif. **Underwriter**—None.

Merritt-Chapman & Scott Corp.
Sept. 7 filed 448,868 shares of common stock (par $12.50) to be offered in exchange for stock of the Marion Power Shovel Co. and Osgood Co. on the basis of three shares for each two Marion Power common shares, and two shares for each three shares of Osgood Co.'s class A and class B stock not held by Marion Power Shovel Co. **Underwriter**—None.

Metropolitan Edison Co. (10/5)
Sept. 3 filed $15,000,000 of first mortgage bonds due 1984. **Proceeds** — To redeem $8,000,000 of 3⅞% first mortgage bonds due 1983; to repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co. and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—To be received up to 11 a.m. (EST) on Oct. 5 at offices of General Public Utilities Corp., 67 Broad St., New York, N. Y.

● **Middle South Utilities, Inc. (9/22)**
Sept. 1 filed 475,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record Sept. 22 on the basis of one new share for each 15 shares held (with an oversubscription privilege); rights to expire Oct. 8. **Price**—To be supplied by amendment. **Proceeds** — To retire $12,000,000 of bank loans and for investment in the System companies and for other corporate purposes. **Underwriter**—None.

★ **Mineral Hill Uranium Exploration Co.**
Sept. 9 (letter of notification) 1,000,000 shares of 5% preferred stock. **Price**—At par (one cent per share). **Proceeds** — For development. **Underwriter** — May be named by amendment.

● **Mississippi Power & Light Co. (10/13)**
Sept. 3 filed 44,476 shares of cumulative preferred stock (par $100) to be offered in exchange for a like number of outstanding shares of $6 cumulative preferred stock (no par) on a share-for-share basis (with a cash adjustment). **Underwriter**—To be determined by competitive bidding. Probable bidders: Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co., Inc. and Shields & Co. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. and The First Boston Vorp. **Bids**—Expected to be received up to 11 a.m. (EST) on Oct. 13.

Monterey Uranium Corp., Salt Lake City, Utah
Aug. 13 (letter of notification) 1,500,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For mining operations. **Underwriter**—Muir, Dumke & Co., Salt Lake City, Utah.

Mountain States Uranium, Inc.
May 19 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (1 cent per share). **Proceeds**—For mining expenses. **Office**—1117 Miner St., Idaho Springs, Colo. **Underwriter**—Underwriters, Inc., Sparks, Nevada.

Natick Industries, Inc., Natick, Mass.
March 10 (letter of notification) 58,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital, etc. **Underwriter**—J. P. Marto & Co., Boston, Mass.

Nevada Southern Gas Co., Las Vegas, Nev.
Aug. 30 filed 20,000 shares of 6% first preferred stock (par $20) and 85,000 shares of common stock (par $1). **Price**—Of preferred, $20 per share; and of common, $6 per share. **Proceeds**—To repay obligations of the company incurred in connection with the acquisition of the business and assets of Las Vegas Gas Co. **Underwriter**—First California Co., Inc., San Francisco, Calif.

New England Electric System (9/29)
Aug. 20 filed 910,883 shares of common stock (par $1) to be offered for subscription to common stockholders on the basis of one new share for each 10 shares held at the close of business on the record date (expected to be Sept. 29). **Proceeds**—To construction programs of its susbidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Sept. 29.

New Mexico Copper Corp., Carrizozo, N. M.
June 14 (letter of notification) 198,000 shares of capital stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For acquisition of power plant, improvement of mill, development of properties and general corporate purposes. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

★ **New Quincy Mining Co.**
Sept. 9 (letter of notification) approximately 232,600 shares of capital stock to be offered for subscription by stockholders at rate of one new share for each five shares held, rights to expire Sept. 30. **Price**—12½ cents per share. **Proceeds**—For development and exploration costs. **Office**—420 Felt Building, Salt Lake City, Utah. **Underwirter**—None.

★ **New Silver Belle Mining Co., Inc., Almira, Wash.**
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

★ **Northeast Finance Corp., Boston, Mass.**
Sept. 1 (letter of notification) 23,953 shares of 30-cent cumulative participating preferred stock (par $1) and 5,137 shares of common stock (par $10). **Price**—For preferred, $5 per share; and for common, at par. **Proceeds**—For expansion. **Office**—1601 Blue Hill Ave., Boston, Mass. **Underwriter**—None.

★ **Northern California Plywood, Inc.**
Sept. 13 filed 300 shares of common stock (par $5,000) and 5,000 shares of 5% cumulative participating preferred stock (par $100). **Price**—At par. **Proceeds**—To purchase properties of Paragon Plywood Corp. and purchase of raw materials. **Office** — Crescent City, Calif. **Underwirter**—None. Sales to be made through Raymond Benjamin Robbins.

★ **Northern Illinois Gas Co., Aurora, Ill.**
Sept. 8 filed 200,000 shares of common stock (par $5) to be offered to all employees of the company pursuant to Employees' Stock Purchase Plan.

Northern States Power Co. (9/28)
Aug. 31 filed $20,000,000 of first mortgage bonds due Oct. 1, 1984. **Proceeds**—For construction program of company and its subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Riter & Co. (jointly); Smith, Barney & Co.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co.; A. C. Allyn & Co. Inc. and Wertheim & Co. (jointly). **Bids**—Expected to be received up to 10:30 a.m. (CST) on Sept. 28 at 231 So. La Salle St., Chicago 4, Ill.

Northwest Defense Minerals, Inc.
Aug. 12 (letter of notification) 300,000 shares of common stock, of which 270,000 shares are to be offered to public and 30,000 shares to underwriter. **Price**—$1 per share. **Proceeds**—For mining operations. **Office**—2101 S St., N. W., Washington, D. C. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Oklahoma Uranium Corp. Grand Junction, Colo.
Aug. 30 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses. **Office**—209 First National Bank Bldg., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J.

Ol Jato Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,750,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining operations. **Office**—114 Atlas Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, the same city.

O'Sullivan Rubber Corp.
Aug. 23 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—To a selling stockholder. **Underwriters** — Troster, Singer & Co. and C. F. Cassell & Co., both of New York.

Pacific Telephone & Telegraph Co.
May 7 filed 1,004,603 shares of common stock being offered for subscription by common and preferred stockholders of record Aug. 31 in ratio of one share for each seven shares of common and/or preferred stock held; rights to expire Sept. 30. **Price**—At par ($100 per share). **Proceeds**—To reduce bank borrowings. **Underwriter**—None. American Telephone & Telegraph Co., the parent, owns 91.1% of common stock and 78.2% of preferred stock. Statement effective Aug. 24.

Peabody Coal Co., Chicago, Ill.
July 14 (letter of notification) 17,300 shares of 5% convertible prior preferred stock (par $25). **Price**—At market (estimated at $11.75 per share). **Proceeds**—To certain selling stockholders.—**Underwriter**—Fairman, Harris & Co., Inc., Chicago, Ill.

Peoples Securities Corp., New York
Aug. 11 filed 74,280 shares of capital stock. **Price**—$11 per share. **Proceeds**—For investment. **Office**—136 East 57th Street, New York, N. Y. **Underwriter**—None.

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Public Service Co. of Colorado (10/4)
Sept. 2 filed $20,000,000 of first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Dean Witter & Co.; Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly). **Bids**—Expected to be received up to noon (EST) on Oct. 4.

★ **Quaker Warehouse Co., Inc., Philadelphia, Pa.**
Sept. 10 filed $900,000 of 10-year 6% debentures due Sept. 1, 1964, to be offered to stockholder members of Quaker City Wholesale Grocery Co., a 100% cooperative retail grocer owned organization. **Price**—At par. **Proceeds**—To purchase building, and for modernization and improvements. **Underwriter**—None.

Rapid Film Technique, Inc., N. Y. City
July 30 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—21 West 46th Street, New York 36, N. Y. **Underwriter**—Jerome Rosenberg, Future Estate Planning 630 McLean Ave., Yonkers, N. Y.

● **Riddle Uranium Mines, Inc. (9/23)**
Aug. 20 (letter of notification) 2,000,000 shares of common stock. **Price**—15 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 950 Pinyon St., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J.

Ross (J. O.) Engineering Corp.
Aug. 12 (letter of notification) 3,500 shares of common stock (par $1). **Price**—$25 per share. **Proceeds**—To Ryan Sadwith, Vice-President. **Underwriter** — Granbery, Marache & Co., New York.

Sabre Uranium Corp., Dallas, Texas
Sept. 2 filed 1,400,000 shares of common stock (par 10 cents). **Price** — $1.25 per share. **Proceeds**—To pay for options, exploration and development and to be used for other general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Tex.

★ **Samicol Uranium Corp., Santa Fe, N. M.**
Sept. 14 filed 300,000 shares of common stock (par 10 cents). Price—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R. V. Klein Co. and McGrath Securities Corp., both of New York.

San Diego Gas & Electric Co. (9/20)
Aug. 24 filed 800,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record Sept. 14 on the basis of one new share for each four shares held; unsubscribed shares to be offered first to employees. Rights are to expire on Oct. 5. Subscription period will open Sept. 20, with warrants to be mailed about Sept. 18. **Price**—$13.75 per share. **Proceeds**—To retire $5,000,000 of bank loans and to reimburse the company for construction made. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

Santa Fe Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For exploration and development of properties. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

★ **Schwartz (B.) & Co., Chicago, Ill.**
Sept. 13 (letter of notification) $250,000 of 8% debentures maturing at different intervals. **Proceeds** — To satisfy unsecured loans. **Office** — 2055 West Pershing Road, Chicago, Ill. **Underwriter**—None.

★ **Securities Acceptance Corp., Omaha, Neb.**
Sept. 7 (letter of notification) 4,000 shares of 5% cumulative preferred stock (par $25). **Price** — $26.25 per share. **Proceeds** — For working capital. **Office** — 304 South 18th Street, Omaha, Neb. **Underwriters**—Cruttenden & Co., Chicago, Ill.; Wachob-Bender Corp., Omaha, Neb.; and The First Trust Co. of Lincoln, Neb.

Selevision Western, Inc.
Aug. 27 (letter of notification) 240,000 shares of class A convertible stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital, etc. **Underwriter**—Whitney-Phoenix Co., Inc., New York.

Shasta Copper & Uranium Co., Inc.
Aug. 6 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Office**—612 Dooly Building, Salt Lake City, Utah. **Underwriter** — To be named by amendment. Withdrawn Aug. 16.

★ **Sierra Pacific Power Co. (10/5)**
Sept. 10 filed 34,807 shares of common stock (par $15) to be offered for subscription by common stockholders of record Oct. 5 on the basis of one share for each five shares of preferred stock held and one new share for each 10 common shares held (with an oversubscription privilege); rights to expire on Oct. 22. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Stone & Webster Securities Corp., New York; and Dean Witter & Co., San Francisco, Calif.

Somerset Telephone Co., Norridgewock, Me.
June 11 (letter of notification) 2,200 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—For expansion and new equipment. **Underwriters**—E. H. Stanley & Co., Waterville, Me.; and Clifford J. Murphy Co., Portland, Me.

★ **Spencer Chemical Co. (9/28-29)**
Sept. 9 filed 150,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Approximately $7,900,000 to be used to redeem the outstanding shares of 4.60% cumulative preferred stock, and the balance for capital expenditures and working capital. **Underwriters**—Morgan Stanley & Co. and Goldman, Sachs & Co., both of New York.

Sprague Engineering Corp. (9/27)
Sept. 7 filed 142,500 shares of common stock (par $1). **Price**—To be supplied by amendment, of which the company will offer 112,500 shares, the remaining 30,000 shares to be offered for account of selling stockholders **Proceeds**—To repay bank loans and for other general corporate purposes. **Office**—Gardena, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● **Standard Coil Products Co., Inc.**
Aug. 17 filed 189,655 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—A. C. Allyn & Co., Inc. and Dempsey & Co., both of Chicago, Ill. **Offering**—Expected today (Sept. 16).

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—$10.01 per unit. **Proceeds**—For purchase of land and to construct and equip a luxury hotel. **Underwriter**—None.

★ **State Loan & Finance Corp. (10/11)**
Sept. 10 filed $8,000,000 of convertible capital debentures due Sept. 15, 1969. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding bank loans. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

★ **Stylon Corp., Milford, Mass.**
Sept. 7 (letter of notification) 37,000 shares of common stock (par $1), of which number 13,000 shares are subject to rescission offer at $1 11/16 per share and the remaining 24,000 shares will be sold at the market. **Proceeds**—To a selling stockholder. **Underwriter**—None.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

● **Supermarket Merchandisers of America, Inc. (9/22-23)**
July 15 (letter of notification) 199,700 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital and business expansion. **Office**—3219 "B" St., Philadelphia, Pa. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

★ **Sytro Uranium Mining Co., Inc., Dallas, Texas**
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Tampa Electric Co. (9/22)
Aug. 16 filed 50,000 shares of cumulative preferred stock, series B (par $100). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; White, Weld & Co. and R. W. Pressprich & Co. (jointly); Goldman, Sachs & Co. **Bids**—Scheduled to be received up to 11 a.m. (EDT) on Sept. 22 at 49 Federal Street, Boston, Mass.

★ **Texas Gas Transmission Corp. (9/29)**
Sept. 9 filed 75,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—$6,754.552 to retire bank loans and the 4% note of Louisiana Natural Gas Corp. in the amount of $3,254,-552; and for general corporate purposes. **Underwriter**—Dillon, Read & Co. Inc.

● **Texas International Sulphur Co.**
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances **Underwriter**—Vickers Brothers, New York, on a "best efforts" basis. **Offering**—Expected early in October.

Thermometer Corp. of America, Springfield, Ohio
Aug. 27 (letter of notification) $150,000 of 5½% first mortgage bonds due Aug. 15, 1969, and 3,400 shares of 6% cumulative preferred stock (par $25). **Price**—At par. **Proceeds**—For expansion and working capital. **Office**—567 East Pleasant St., Springfield, Ohio. **Underwriter**—The Ohio Company, Columbus, Ohio.

Thompson-Starrett Co. Inc., New York
July 29 filed 145,000 shares of cumulative convertible preferred stock (par $10). **Price** — To be supplied by amendment. **Proceeds**—To repay $1,000,000 bank loans and for general corporate purposes. **Underwriters**—Blair & Co., Inc. and Emanuel, Deetjen & Co., both of New York. **Offering**—Temporarily postponed.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

★ **Trans World Atlas Corp., San Francisco, Calif.**
Sept. 1 (letter of notification) 12,500,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Office**—209 Post St., San Francisco, Calif. **Underwriter**—None.

Tri-Continental Corp. (9/29)
Sept. 8 filed 810,740 shares of new $2.70 cumulative preferred stock (par $50) to be offered in exchange for the presently outstanding $6 preferred stock (no par value) on the basis of two new shares for each $6 preferred share held. Offer will be made about Sept. 29 to expire on Oct. 27. Unexchanged $6 preferred stock will be called for redemption on Oct. 31, 1954. **Underwriter**—Union Securities Corp., New York.

Union Compress & Warehouse Co.
June 25 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To 35 selling stockholders. **Office** — Memphis, Tenn. **Underwriters**—Leftwich & Ross and Mid-South Securities Co., both of Memphis, Tenn.

U. S. Fiberglass Industrial Plastics, Inc. (9/20)
Aug. 27 (letter of notification 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For additional eqiupment, further research and development of new products and new products design, and for working capital. **Underwriter** — General Investing Corp., New York.

★ **U. S. Gold Corp., Spokane, Wash.**
Sept. 9 (letter of notification) $49,500 of 3% production notes. **Proceeds**—For property payments, retirement of debt, etc. **Office**—409 Empire State Building, Spokane, Wash. **Underwriter** — Percy Dale Lanphere, 2617 West Dalton, Spokane, Wash.

★ **United States Lithium Corp.**
Sept. 9 (letter of notification) 2,990,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expense incident to extraction operations. **Office**—1111 Walker Bank Building, Salt Lake City, Utah. **Underwriter**—Thornton D. Morris & Co., the same city.

Urainbow, Inc., Salt Lake City, Utah
Aug. 31 (letter of notification) 2,000,000 shares of common stock (par two cents). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses. **Office**—908 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Austin B. Smith Brokerage Co., the same city.

★ **Utah Petroleum & Gas Co.**
Sept. 7 (letter of notification) 30,500 shares of capital stock. **Price**—At par $1 per share). **Proceeds**—For exploratory drilling. **Office**—1222 South Main Street, Salt Lake City, Utah. **Underwriter**—None.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—1818 Beverly Way, Las Vegas, Nev. **Underwriter**—First Western Securities, same city.

★ **Vanadium-Alloys Steel Co.**
Sept. 9 (letter of notification) 4,399 shares of capital stock (no par) to be offered to employees. **Price**—At a price equivalent to the last sale price on the American Stock Exchange preceding the day the offer is accepted by employee. **Proceeds**—For working capital. **Office**—Latrobe, Pa. **Underwriter**—None.

Vigorelli of Canada, Ltd. (Canada)
Aug. 9 (Regulation "D") 96,770 shares of 8% preferred stock (par $2) and 96,770 shares of common stock (par $1) in units of one share of each class. **Price**—$3.10 per unit. **Proceeds**—For exploration and development expenses. **Office**—1812 St. Catherine St. West, Montreal, Canada. **Underwriter**—B. Fennekohl & Co., New York.

Warren Oil & Uranium Mining Co., Inc., Denver, Colo.
Aug. 6 filed 65,000,000 shares of common stock (par one cent). **Price**—7½ cents per share. **Proceeds**—To purchase mining claims and exploratory equipment, and for exploration costs. **Underwriter**—Weber Investment Co., Salt Lake City, Utah.

Webb (H. S.) & Co., Glendale, Calif.
Aug. 9 (letter of notification) 6,000 shares of 7% cumulative preferred stock. **Price**—At par ($25 per share). **Proceeds**—To retire funded debt, increase working capital and remodel store. **Office**—139 North Brand Boulevard, Glendale, Calif. **Underwriter** — Wagenseller & Durst, Inc., Los Angeles, Calif.

Welex Jet Services, Inc.
Aug. 27 filed 68,528 shares of common stock (par $1) to be offered for subscription by common stockholders on the basis of one new share for each five shares held as of Sept. 10. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Laird & Co., Wilmington, Del., and First Southwest Co., Dallas, Texas.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Pro-**

ceeds—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

Western Arkansas Telephone Co.
Aug. 23 (letter of notification) 2,500 shares of 6% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—To repay liabilities incurred for construction. **Office**—317 Main St., Russellville, Ark. **Underwriter**—None.

● Western Development Co. (9/23)
Aug. 20 filed 360,000 shares of capital stock (par $1) and 60,000 subscription warrants, of which 300,000 of the shares are to be presently publicly offered. **Price**—$5 per share. **Proceeds** — To purchase certain royalty interests located in New Mexico and Colorado and for general corporate purposes. **Office** — Santa Fe, N. M. **Underwriter**—J. G. White & Co., Inc., New York.

● Western Massachusetts Electric Co. (9/20)
Aug. 31 filed $6,000,000 first mortgage bonds, series B, due Oct. 1, 1984. **Proceeds**—To repay bank loans incurred for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and White, Weld & Co. (jointly); Blyth & Co. Inc.; Lehman Brothers, Blair & Co., Inc. **Bids**—To be received up to noon (EDT) on Sept. 20 at 201 Devenshire Street, Boston 10, Mass.

Western Plains Oil & Gas Co.
May 24 filed 100,000 shares of common stock (par $1). **Price**—$4.75 per share. **Proceeds**—To redeem 1,250 outstanding preferred shares ($125,000), to repay bank loan, etc. ($2,500); for purchase or acquisition of additional mineral interests, leases and royalties in the United States and Canada and for other corporate purposes. **Office**—Glendive, Mont. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

● Wisconsin Power & Light Co. (10/6)
Sept. 7 filed $18,000,000 of first mortgage bonds, series H, due Oct. 1, 1984. **Proceeds**—To redeem $8,000,000 4% first mortgage bonds sold last year and the balance to repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Salomon Bros. & Hutzler; Lehman Brothers, Bear, Stearns & Co., Reynolds & Co. and L. F. Rothschild & Co. (jointly); Union Securities Corp.; The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected about Oct. 6.

★ Wisconsin Public Service Corp.
Sept. 15 filed $12,500,000 first mortgage bonds due Oct. 1, 1984. **Proceeds**—To refund $8,000,000 4⅛% bonds presently outstanding and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Union Securities Corp. (jointly); White, Weld & Co.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Dean Witter & Co.; The First Boston Corp. Previous common stock offer was underwritten by The First Boston Corp.; Merrill, Lynch, Pierce, Fenner & Beane; Robert W. Baird & Co., Inc.; and William Blair & Co.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

Prospective Offerings

★ Alabama Gas Corp.
Sept. 8 it was announced that company has applied to the Alabama P. S. Commission for authority to issue and sell 84,119 additional shares of common stock to common stockholders on the basis of one new share for each 10 shares held (with an oversubscription privilege). Present plans call for mailing warrants during latter part of October and for the warrants to expire about mid-November. **Proceeds** — For construction program. **Underwriter**—May be Allen & Co., New York.

Anglo California National Bank (10/11)
Aug. 31 it was announced stockholders will vote Oct. 5 on authorizing the offering to stockholders of 262,500 additional shares of capital stock (par $20) on the basis of one new share for each four shares held about Oct. 9; with rights to expire Nov. 1. **Price**—$45 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Central Louisiana Electric Co., Inc. (10/5)
Aug. 31 it was reported company plans offering of $3,275,000 convertible debentures due 1964, to common stockholders. **Proceeds** — To refund $2,880,000 4½% debentures due 1972. **Underwriter**—Kidder, Peabody & Co., New York.

Central & Southwest Corp.
Sept. 2 it was reported company plans issue and sale of between 500,000 to 600,000 additional shares of common stock, probably first to stockholders. **Underwriter**—May be determined by competitive bidding. Probable bidders; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Lazard Freres & Co. (jointly). **Offering**—Not expected until early in 1955.

Chesapeake & Ohio Ry.
Aug. 23 it was reported company may be considering a plan to refund its outstanding $37,851,000 3⅞% bonds. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.

Consolidated Uranium Mines, Inc.
July 23 stockholders authorized the issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. **Underwriter** — May be Tellier & Co., Jersey City, N. J.

Continental Uranium, Inc.
Sept 8 it was reported company plans to register with the SEC next week 500,000 shares of common stock. **Price**—Expected around $2.50 per share. **Proceeds**—For expansion. **Underwriter**—May be Van Alstyne, Noel & Co., New York.

Cortland Equipment Lessors, Inc.
Aug. 31 it was reported this corporation, a subsidiary of Safeway Stores, Inc., may sell notes and debentures totaling $60,000,000 to $70,000,000. **Proceeds**—To repay bank loans which are understood to amount to between $50,000,00 and $60,000,000 at the present time. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

★ Deere & Co.
Sept. 2 it was announced a registration statement will be filed with the SEC covering the proposed sale of a block of common stock owned by the estate of a deceased stockholder. **Underwriter**—Harriman Ripley & Co. Inc. handled previous financing.

First National Bank in Dallas (Texas) (9/21)
Sept. 1 it was announced that this Bank plans to offer to its stockholders of record Sept. 21 rights to subscribe on or before Oct. 6 for 200,000 shares of additional capital stock (par $10) on the basis of one new share for each nine shares held. **Price**—$25 per share. **Proceeds**—To increase surplus, capital and undivided profits account. **Underwriters** — Previous offering was underwritten by Merrill Lynch, Pierce, Fenner & Beane and The First Boston Corp., both of New York.

● First National Bank of San Jose, Calif.
Sept. 8 stockholders increased the authorized capital stock from 12,500 shares to 15,000 shares, the additional 2,500 shares being offered to stockholders on the basis of one new share for each five shares held Sept. 8; rights to expire Oct. 6. **Price**—$100 per share. **Proceeds**—For expansion and to increase capital stock account.

Florida Power & Light Co. (10/27)
Sept. 7 it was reported company is considering raising about $10,000,000 for its construction program. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc., and Lehman Brothers (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane; Harriman Ripley & Co. Inc. **Bids**—Expected about Oct. 27.

General Telephone Co. of Upstate New York
July 2 it was reported company plans to issue and sell 50,000 shares of 5% cumulative preferred stock (par $25). **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

Georgia Gas Co.
Aug. 27 it was announced that this company, a subsidiary of United Cities Utilities Co., contemplates the issue and sale to residents of Georgia of $300,000 par value of preferred stock, subject to the approval of the Georgia P. S. Commission.

Gulf, Mobile & Ohio RR.
Aug. 23 it was reported company may consider the issuance of about $25,000,000 bonds later this year. **Proceeds**—To refund first refunding mortgage 4s and 3¾s due 1975 and 1969, respectively; collateral trust 3¾s due 1968; and New Orleans Great Northern 5s due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Shields & Co.

Gulf Sulphur Corp.
Sept. 6 it was reported that early registration is expected of 92,370 shares of 60-cent cumulative convertible preferred stock (each share to be convertible into two shares of class B common stock). It is expected that this financing will be underwritten by Fridley & Hess and Crockett & Co., both of Houston, Tex.

Hazel Bishop, Inc., New York
Aug. 30 it was reported registration of about 250,000 shares of common stock is expected (part for new money and part for selling stockholders). **Business**—Cosmetics. **Underwriter**—Hayden, Stone & Co., New York.

★ Holly Corp., New York.
Sept. 9 S. B. Harris, Jr., President, stated that preliminary financing has been arranged to be followed by a public offering after which this corporation plans to distribute a part of its holdings of Holly Uranium Corp. stock to its stockholders.

Household Finance Corp.
Aug. 27 it was announced preferred stockholders will vote Oct. 7 on increasing the authorized amount of preferred stock (par $100) from 312,000 shares to 592,000 shares. **Underwriters**—Lee, Higginson Corp. and Kidder, Peabody & Co., both of New York; and William Blair & Co., of Chicago and associates.

Incorporated Income Fund (10/14)
Sept. 8 it was announced this Fund plans to issue and sell between 750,000 and 1,000,000 shares of common stock. **Price**—Expected at around $8 per share. **Proceeds**—for investment. **Underwriter**—Kidder, Peabody & Co., New York. **Registration**—Scheduled for about Sept. 14.

Kansas City Power & Light Co.
March 8 it was announced that company may sell in the latter part of 1954 $16,000,000 first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp. **Meeting**—Stockholders on April 27 approved new financing.

Kansas Power & Light Co.
May 4, D. E. Ackers, President, announced that the company plans to sell approximately $10,000,000 of bonds later this year. **Proceeds**—To repay bank loans and for construction purposes. **Underwriter**—Previous bond sale was done privately through The First Boston Corp.

Kentucky Utilities Co.
June 21 it was reported company plans to issue and sell $15,000,000 first mortgage bonds, series F. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. **Bids** — Expected to be received in October or November.

Kentucky Utilities Co.
June 21 it was reported company plans to issue and sell to its common stockholders some additional common stock, either on a 1-for-9 or an a 1-for-10 basis. At April 30, 1954, there were outstanding 2,286,784 shares. **Underwriters**—Previous common stock offering, in April, 1953, was underwritten by Blyth & Co., Inc. and J. J. B. Hilliard & Sons and associates.

Laclede Gas Co.
Aug. 6 it was reported company plans to issue and sell $20,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Stone & Webster Securities Corp.; Lehman Brothers; Blair & Co., Inc. and Drexel & Co. (jointly). **Bids**—Expected in October.

Long Island Lighting Co.
April 20 it was announced company plans later in 1954 to issue $20,000,000 mortgage bonds. **Proceeds** — To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Smith, Barney & Co.

Louisville & Nashville RR. (9/30)
July 7 it was reported that the company may issue and sell late in 1954 $30,350,000 of new first and refunding mortgage bonds due 2003. **Proceeds**—To retire $24,610,000 Atlanta, Knoxville & Cincinnati Division 4% bonds due May 1, 1955, and for general corporate purposes. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White. Weld & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected Sept. 30.

Continued on page 42

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Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

Mexican Gulf Sulphur Co.
Aug. 30 it was reported company plans issue and sale of 200,000 additional shares of common stock. **Proceeds**—For capital expenditures and working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

National City Bank of New York (9/30)
Aug. 10 directors authorized a meeting of stockholders to be held on Sept. 20 to vote on a proposal to increase the capital and surplus of the company by $131,250,000 through the sale of 2,500,000 additional shares of capital stock (par $20) to stockholders by subscription on the basis of one new share for each three shares held as of Sept. 24; with rights to expire on Oct. 22. Subscription warrants will be mailed on or about Sept. 30. **Underwriter**—The First Boston Corp. will head group.

National Fuel Gas Co.
June 25, L. A. Brown, President, announced that the company plans to offer additional common stock to common stockholders this Fall on a 1-for-10 basis (with an oversubscription privilege). **Proceeds**—For construction program. **Underwriter** — None. **Registration**—Expected in October, 1954.

New Orleans Public Service Inc.
Feb. 8 it was reported company plans to offer for sale $6,000,000 of first mortgage bonds due 1984 late this year. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly); Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co.

New York Telephone Co. (10/19)
Aug. 25 directors authorized issue and sale of $75,000,000 of 35-year refunding mortgage bonds. **Proceeds** — To refund $35,000,000 of 3⅞% series G bonds and repay bank. loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and Glore, Forgan & Co. (jointly). **Bids**—Expected to be received on Oct. 19

● **Northern Pacific Ry. (9/23)**
Sept. 8 company applied to ICC for authority to issue and sell $52,000,000 of collateral trust bonds due Oct. 1, 1984. **Proceeds**—For refunding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Blyth & Co., Inc. **Bids** — Expected to be received up to noon (EDT) on Sept. 23.

Pacific Telephone & Telegraph Co. (11/16)
Sept. 2 the directors authorized the issue and sale of $50,000,000 of 35-year debentures to be dated Nov. 15, 1954. **Proceeds**—To redeem a like amount of 31-year 4% debentures due Sept. 15, 1984. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co., Lehman Brothers and Union Securities Corp. (jointly). **Bids**—Expected to be received at 195 Broadway, New York, N. Y., on Nov. 16.

Pennsylvania Company for Banking and Trusts, Philadelphia, Pa.
Aug. 24 it was announced stockholders will be offered the right to subscribe to 100,000 shares of common stock (par $10) on the basis of new new share for each 14 shares held. **Price**—To be named later. **Proceeds**—To increase surplus and capital accounts. **Underwriters**—Drexel & Co., Philadelphia, Pa.; and Merrill Lynch, Pierce, Fenner & Beane and Smith Barney & Co., of New York. **Meeting**—Stockholders are to vote Nov. 1 on approving new financing.

Public Service Co. of Oklahoma
Aug. 28 it was reported that company may issue and sell 75,000 shares of new preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co.

★ **Public Service Co. of Oklahoma**
Sept. 2 it was reported company may sell between $20,000,000 and $25,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Salomon Bros. & Hutzler; The First Boston Corp.; Blyth & Co., Inc., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Shields & Co.

Reaction Motors, Inc., Rockaway, N. J.
Aug. 7 it was reported company plans a small offering of additional capital stock (par $4) to its stockholders. Olin Mathieson Chemical Corp. owns 50% of the presently outstanding shares, which are being split-up on a two-for-one basis.

Resources of Canada Investment Fund, Ltd.
April 27 the SEC authorized the company to register as an investment concern and to make a public offering of securities in the United States.

Savage Industries, Inc., Phoenix, Ariz.
Aug. 9 it was announced company plans later this year to issue and sell an additional block of 75-cent cumulative convertible preferred stock (par $1), expected to gross around $250,000. **Proceeds**—For expansion and acquisitions. **Underwriter**—Probably Pacific Coast Securities Co., San Francisco, Calif.

Savannah Electric & Power Co. (10/26)
Aug. 10 it was announced company plans to sell $5,000,000 of first mortgage bonds, $3,000,000 of debentures and 30,000 shares of $100 preferred stock. **Underwriters**—May be determined by competitive bidding. **Probable** bidders: Halsey, Stuart & Co. Inc. (for bonds only); The First Boston Corp.; Stone & Webster Securities Corp.; Blair & Co., Inc. **Registration**—Planned for Sept. 22. **Bids**—Expected Oct. 26.

Scott Paper Co.
April 27 stockholders approved proposals which increased the authorized common stock from 5,000,000 to 10,000,000 shares and the authorized indebtedness of the company from $25,000,000 to $50,000,000. The company has no specific financing program. **Underwriters**—Previous offering of $24,952,800 3% convertible debentures, in September, 1953, was underwritten by Drexel & Co., Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Sierra Pacific Power Co. (10/25)
Sept. 7 it was announced company plans to issue and sell $4,000,000 first mortgage bonds. **Proceeds**—To redeem $1,500,000 of 3¾% bonds, to repay bank loans and for construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and Dean Witter & Co. (jointly); Kidder, Peabody & Co. **Registration**—Planned for Oct. 8. **Bids**—Expected about Oct. 25.

★ **Southern New England Telephone Co.**
Sept. 13 it was announced company plans to offer to stockholders an additional 488,888 shares of capital stock (par $25) on the basis of one new share for each nine shares held as of Sept. 29. **Price**—$30 per share. **Proceeds**—For construction program. **Underwriter**—None. American Telephone & Telegraph Co. owns 1,173,696 of the 4,400,000 shares outstanding. **Registration**—Expected this week.

★ **Standard-Thomson Corp., Dayton, Ohio**
Sept. 10 it was announced company has commenced negotiations for the sale of a new preferred stock issue which will provide the approximately $1,500,000 additional capital. **Underwriters** — Previous financing was handled by Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

Texas Power & Light Co. (10/18)
Aug. 20 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds due 1984. **Proceeds**—To refund $5,000,000 3⅞% bonds due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; Kuhn, Loeb & Co.; Equitable Securities Corp. **Registration**—Planned for Sept. 23. **Bids**—Expected to be received up to 11:30 a.m. (EST) on Oct. 18 at Room 2033, Two Rector Street, New York 6, N. Y.

Transcontinental Gas Pipe Line Corp.
March 16 it was reported company plans later this year to do some permanent financing to repay temporary bank loans necessary to pay for new construction estimated to cost about $11,000,000 for 1954. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

★ **United Dye & Chemical Corp.**
Sept. 8 directors authorized an offering to common stockholders of additional common stock at the rate of one new share for each five shares held (with an oversubscription privilege). About 150,000 shares are presently outstanding. **Price**—$9 per share. **Underwriter**—None.

Virginia Electric & Power Co.
Aug. 20 directors approved in principle a plan to sell 600,000 additional shares of common stock this Fall. They will be offered to common stockholders at the rate of one new share for each 10 shares held on the record date, which is presently expected to be in November. **Proceeds** — To finance construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Stone & Webster Securities Corp.

● **Western Pacific RR. Co.**
Sept. 8 the holders of up to 225,000 shares of outstanding preferred stock, series A (par $100) were offered in exchange $22,500,000 of 30-year 5% income debentures, due Oct. 1, 1984 and 37,500 shares of no par value common stock on the basis of $100 of new 5% debentures and one-sixth of a share of common stock for each share of preferred stock held. The remaining 83,211 shares of preferred stock will be called for payment on Oct. 31 at $106.67 per share (including accrued dividends). The exchange offer is underwritten by Blyth & Co., Inc. and Union Securities Corp. and associates who will purchase any unissued units at a price equal to the redemption price of unexchanged preferred stock. The exchange offer expires on Sept. 29.

● **Western Pacific RR. Co.**
Sept. 8, it was announced that directors have approved the issue and sale about Jan. 1, 1955 of $7,000,000 of first mortgage bonds, series B. **Proceeds** — To reimburse company for capital expenditures already made and for future improvements. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly).

Securities Administrators to Hold 37th Annual Meeting in New York

The nation's "Blue Sky Law" administrators will meet in New York City Sept. 27 through 30 for their 37th Annual Convention.

These are the men — the National Association of Securities Administrators—who are charged with the responsibility of protecting the public against securities frauds. They represent 47 States, nine Canadian provinces and Mexico.

The term "Blue Sky Law" goes back to a famous decision by a Texas judge some 40 years ago. He ruled, in effect, that the securities involved in a case he tried had no more value than so many feet of blue sky.

Welcoming the delegates and their wives to New York will be the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Investment Bankers Association of America, New York Securities Dealers Association, Association of Investment Firms, and certain law firms active in securities regulation work.

Various committees of the Association will expore such areas as international relations in the securities field, regulations affecting mining and oil stocks, options and warrants and investment companies.

Social highlight of the convention will be a dinner in honor of the administrators to be given by New York City's financial industry on Tuesday evening, Sept. 28, at the Hotel Roosevelt. It is anticipated that some 700 representatives of the financial community will attend the dinner, which will be followed by a program of entertainment.

Guests will include the Honorable Theodore N. Ofstedahl, President of the Association; the Honorable W. P. J. O'Maera, Assistant Under Secretary of State of Canada; the Honorable Praxedes Reina Hermosillo, President of the National Securities Commission of Mexico.

On Wednesday, Sept. 29, the convention will be address at a luncheon meeting of the Honorable Ralph H. Demmler, Chairman of the Securities & Exchange Commission, and Keith Funston, President of the New York Stock Exchange.

On Thursday, Sept. 30, the Administrators and their wives will spend the day visiting the American Stock Exchange and the New York Stock Exchange.

A. S. E. Members to Hold Golf Tournament

Joseph F. Reilly will defend his American Stock Exchange Members' gold title on Tuesday, Sept. 21, 1954, at Quaker Ridge Golf Club, Scarsdale, New York, when exchange members will hold their 14th annual tournament and dinner. Mr. Reilly fired a 77 to capture the crown last year.

Walter E. Kimm, Jr., Kimm & Co., Golf Committee Chairman, announced that the non-retirable exchange championship trophy, and the Chairman's and President's trophies would be awarded to low gross and low net scorers among the members.

The golf committee is composed of Harold J. Brown, Brown, Kiernan & Co.; Henry C. Hagen; Thomas J. Hickey, Jr., Vilas & Hickey; Gerald Berkman; Edward A. Purcell, Jr., Edward A. Purcell & Co.; Peter Y. Francisco, Pershing & Co.; Marcus Kaufman; Robert F. Shelare, Hirsch & Co.; and Judson L. Streicher, J. Streicher & Co., exchange members, and Francis X. Gaudino, of the exchange staff.

Now With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Harry J. Bastion has become associated with Walston & Co., 550 South Spring Street. He was formerly with Fewel & Co. and Gross, Rogers & Co.

With Clair S. Hall

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—F. Stanley Krug, Jr. is now with Clair S. Hall & Company, Union Trust Building.

Guyer & Hansen Opens

(Special to THE FINANCIAL CHRONICLE)

BLAIR, Neb.—Guyer & Hansen has been formed with offices at 204 South Fifth Street to engage in a securities business.

With Brereton, Rice

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Eugene A. Jones has joined the staff of Brereton, Rice & Co., Inc., First National Bank Building. He was previously with Hamilton Management Corporation.

Geo. Murphy Forms Own Company

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — George J. Murphy, Jr. has formed Chicago Mutual Investment Company with offices at 8134 Langley Avenue. Mr. Murphy was previously with C. S. Brown & Co.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Lloyd E. Kimball, Jr. has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

With A. M. Kidder Co.

JACKSONVILLE, Fla. — W. Wright Hilyard has been added to the staff of A. M. Kidder & Co., 122 West Forysth Street.

Our Reporter's Report

The general investment market once more is definitely up against a "road-block" in the form of American Telephone & Telegraph Co.'s impending offering of $250,000,000 of new 30-year debentures.

In the seasoned market, there has been a general downward drift in prices, not because of any real pressure to sell but rather because buyers have been disposed to take to the sidelines and await developments.

Everybody, it appears, wants to wait for a "look" at the A. T. & T. terms, and, in the interval they are not interested in much else. As usual two major underwriting groups are poised to breast the wire for this huge piece of business.

Bids are due to be opened next Tuesday and it is the hope of the investment world generally that the pricing will be "right," for it is the consensus that the big Bell issue will set the course for the immediate future in the market.

Expectation is that the Telephone offering will be helped, in any event, by the fact that it will be the first time in several years that the company has gone directly to the public for its new money.

More recent undertakings have been accomplished through the medium of convertible issues and the customary pre-emptive rights which go to stockholders.

Hard to Keep in Step

Underwriters find it difficult to keep in step with pricing ideas in the present state of things in the market. A week ago, it was the consensus that Illinois Central's $60,000,000 of 3⅜s, if offered to yield between 3.35% and 3.40%, could go readily.

But the bonds were brought to market on Friday to yield 3.375%, right smack in the middle, and have not moved as rapidly as had been anticipated.

The only explanation that observers had to offer was the fact that the secondary market, between the time of their forecasts and the time of the actual offering, had eased a shade further.

A Glint of Sun

Tending to prove the wisdom of the theory that proper pricing will do the job is the response accorded Tennessee Gas Transmission Corp.'s latest offering.

Underwriters brought this issue a large one of $65,000,000, to market at a price of 102 to yield 4.10%. They were able to report oversubscription and closing of the books by the end of the day.

However, an added attraction in this case was the fact that the issue carries a 20-year maturity making it fit rather well into any number of institutional portfolios.

Near-Term Calendar

Once the American Telephone issue is out of the way the banking world will turn its attention to other business on tap for next week.

On Wednesday Dayton Power & Light Co. will open bids for $15,000,000 of 30-year first mortgage bonds and the competition for this issue promises to be keen.

The following day Northern Pacific Railway will put $52,000,000 of 30-year collateral trust bonds up for competitive bids and plans to use the proceeds to retire 4½s and 5s now outstanding.

The following week Northern States Power will entertain bids for $20,000,000 of 30-year bonds to provide funds for new construction.

Illinois Power Co. Securities Offered

The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane jointly head an underwriting group which today (Sept. 16) is offering 200,000 shares of no par common stock of Illinois Power Co. at $48.50 per share. Another group headed jointly by Merrill Lynch, Pierce, Fenner & Beane and The First Boston Corp. is offering 180,000 shares of the utility's 4.20% cumulative preferred stock at $50.90 per share.

Proceeds from the sale of the two issues will be used first for repayment of short term bank loans made for financing construction expenditures and the balance for new construction. These loans amounted to $11,000,000 as of Aug. 31, 1954. Since 1945 the company has been carrying out a major construction program which has increased net output capability of its generating stations from 37,000 kw. to 621,000 kw. and present plans contemplate such capability will be increased to about 800,000 kw. by 1956.

The preferred stock may be redeemed at $53.25 on or prior to Aug. 31, 1959; at $52.50 to Aug. 31, 1964; and at $52 thereafter.

Since November of 1949, quarterly dividends on the common stock have been at the rate of 55 cents per share.

The company is an operating utility supplying electric service to an estimated 800,000 persons and natural gas to approximately 600,000 in substantial areas in northern, central and southern Illinois.

For the 12 months ended June 30, 1954 the company had total operating revenues of $64,859,000 and net income of $9,363,000.

Weeden Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert L. Nelson has become affiliated with Weeden & Co., 135 South La Salle Street.

Now With R. L. Day

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Donald L. Willis has become associated with R. L. Day & Co., 111 Devonshire Street, members of the New York and Boston Stock Exchanges. He was formerly with Proctor, Cook & Co.

With F. I. F. Management

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — James W. Calvert has been added to the staff of F. I. F. Management Corporation, Humble Building.

DIVIDEND NOTICES

TOBACCO AND ALLIED STOCKS, INC.
DIVIDEND NOTICE

The Board of Directors on the date below, declared a dividend of $1.75 per share on the $5.00 par value capital stock of this corporation, payable October 5, 1954 to stockholders of record at the close of business, September 24, 1954. Transfer books will remain open. Checks will be mailed.

G. C. SCHEUERMANN, *Treasurer*
September 13, 1954

GENERAL REALTY & UTILITIES CORPORATION

DIVIDEND ON CAPITAL SHARES

The Board of Directors has declared a Quarterly dividend of 15 cents per share on the Capital Shares of the Corporation, payable September 30, 1954, to stockholders of record at the close of business September 17, 1954.

SAMUEL M. FOX, Treasurer.
September 15, 1954.

GOULD-NATIONAL BATTERIES, INC.
SAINT PAUL, MINNESOTA
Manufacturers of Automotive and Industrial Batteries
DIVIDEND NOTICE

Preferred Dividend

The Board of Directors today declared a regular quarterly dividend of 56¼¢ per share on the Cumulative Preferred Stock, payable November 1, to shareholders of record October 20, 1954

Common Dividend

The Board of Directors today declared a dividend of 42½¢ per share on Common Stock, payable November 1, to shareholders of record October 20, 1954.

A. H. DAGGETT
President
September 7, 1954

COUPON PAYMENT

GENERAL REALTY & UTILITIES CORPORATION

4% Cumulative Income Debentures
Due September 30, 1969

NOTICE OF PAYMENT OF COUPON NO. 20

Payment of the amount called for by Coupon No. 20 representing interest for the six months period ending September 30, 1954 on the above mentioned Debentures of General Realty & Utilities Corporation, will be paid on September 30, 1954 at Bankers Trust Company, Successor Trustee, 46 Wall Street, New York 15, N. Y.

GENERAL REALTY & UTILITIES CORPORATION
By SAMUEL M. FOX, Treasurer.
September 15, 1954.

DIVIDEND NOTICES

New England Gas and Electric Association

NEGEA

COMMON DIVIDEND NO. 30

The Trustees have declared a regular quarterly dividend of twenty-five cents (25c) per share on the COMMON SHARES of the Association, payable October 15, 1954 to shareholders of record at the close of business September 20, 1954.

H. C. MOORE, JR., *Treasurer*
September 9, 1954

THE ELECTRIC STORAGE BATTERY COMPANY

216th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable September 30, 1954, to stockholders of record at the close of business on September 20, 1954. Checks will be mailed.

E. J. DWYER, *Secretary*
Philadelphia, September 10, 1954

Minerals International Chemicals

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

General Offices:
20 North Wacker Drive, Chicago 6

★

QUARTERLY DIVIDENDS

4% Cumulative Preferred Stock
50th Consecutive Regular Quarterly Dividend of
One Dollar ($1.00) per Share

$5.00 Par Value Common Stock
Forty Cents (40¢) per Share

Declared—Sept. 9, 1954
Record Date—Sept. 20, 1954
Payment Date—Sept. 30, 1954

A. R. Cahill
Vice President and Treasurer

★

Phosphate • Potash • Plant Foods
Chemicals • Industrial Minerals
Amino Products

DIVIDEND NOTICES

DIVIDEND
MANATI SUGAR COMPANY
106 Wall Street, New York 5

The Directors of the Manati Sugar Company on September 13, 1954, decided not to pay any dividend this year on the Company's $1 par value Common Stock.

JOHN M. GONZALEZ, *Treasurer*.
September 13, 1954.

NATIONAL SHARES CORPORATION
14 Wall Street, New York

A dividend of twenty cents (20c) per share has been declared this day on the capital stock of the Corporation payable October 15, 1954 to stockholders of record at the close of business September 30, 1954.

JOSEPH S. STOUT, *Secretary*
September 13, 1954

PUNTA ALEGRE SUGAR CORPORATION

The Board of Directors has declared a dividend of $.60 per share on the capital stock of the Corporation, payable November 1, 1954, to stockholders of record at the close of business October 15, 1954.

WILLIAM C. DOUGLAS, *Chairman*
September 9, 1954

PACIFIC GAS and ELECTRIC Co.

DIVIDEND NOTICE

Common Stock Dividend No. 155

The Board of Directors on September 8, 1954, declared a cash dividend for the third quarter of the year of 55 cents per share upon the Company's common capital stock. This dividend will be paid by check on October 15, 1954, to common stockholders of record at the close of business on September 27, 1954. The Transfer Books will not be closed.

K. C. CHRISTENSEN, Treasurer
San Francisco, California

DIVIDEND NOTICES

United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½ cents per share on the Preferred capital stock. They have also declared a dividend of 62½ cents per share on the Common capital stock. The dividends on both Preferred and Common stock are payable November 1, 1954, to stockholders of record at the close of business October 4, 1954.

WALLACE M. KEMP, Treasurer.

MRS WAGNER'S PIES

WAGNER BAKING CORPORATION

The Board of Directors has declared the regular quarterly dividend of $1.75 per share on the 7% Preferred Stock, also a dividend of 5 cents per share on the Common Stock of this Corporation. Both dividends payable October 1, 1954, to stockholders of record September 17, 1954.

J. V. STEVENS, Secretary.

SAFEWAY STORES INCORPORATED

Common and Preferred Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on Sept. 3, 1954, declared the following quarterly dividends:

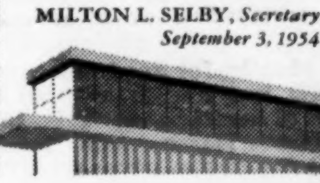
60¢ per share on the $5.00 par value Common Stock.

$1.00 per share on the 4% Preferred Stock.

$1.07½ per share on the 4.30% Convertible Preferred Stock.

Common Stock dividends and dividends on the 4% Preferred Stock and 4.30% Convertible Preferred Stock are payable Oct. 1, 1954 to stockholders of record at the close of business September 15, 1954.

MILTON L. SELBY, *Secretary*
September 3, 1954



CALL FOR PHILIP MORRIS

112th COMMON STOCK DIVIDEND

Philip Morris & Co. Ltd., Inc.

Our Institutional SHARE OWNERS

Harkness Tower is a familiar landmark on the YALE UNIVERSITY campus in New Haven, Connecticut. The University, one of the nation's foremost seats of learning and research, benefits from its return on an investment in Philip Morris shares.

CUMULATIVE PREFERRED STOCK

The regular quarterly dividends of $1.00 per share on the 4% Series and $0.975 per share on the 3.90% Series have been declared payable November 1, 1954 to holders of record at the close of business on October 15, 1954.

COMMON STOCK ($5.00 Par)

A regular quarterly dividend of $0.75 per share has been declared payable October 15, 1954 to holders of record at the close of business on October 1, 1954.

L. G. HANSON, *Treasurer*
September 15, 1954
New York, N. Y.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — That peerless believer in the protection of the American farmer from government subsidies and the regulatory caprice of bureaucracy, Ezra Taft Benson, has worked out about the prettiest scheme a bureaucrat could ever imagine to do the opposite.

Dr. Benson has come forth with some preliminary dope about how his Farmers Home Administration is going to operate its brand new agricultural credit empire. Rex Tugwell, the guy who originally started this agency which is a stellar daughter of the Roosevelt Revolution, must be green-eyed with envy that Republicans could do so much that the Democrats couldn't get away with. Mr. Benson's prospectus suggests a consciousness that his interest in this thing is not, as thought, passive.

As this column reported some weeks ago, Congress took a little law which since 1937 has permitted the government to make loans to farmers and cooperatives in 17 western states to finance water facilities and irrigation systems and:

(1) Extended the application of the act to all states, territories, and possessions.

(2) Vastly liberalized the terms of such loans.

(3) Provided further that such loans could be made for (a) soil conservation, (b) building permanent pastures, and (c) reforestation or afforestation.

(4) Finally, for good measure, the law just passed sets up a system of insurance of "private" of Farmers Home agency loans for all the above purposes.

Any idea that Secretary Benson, the simon pure opponent of easy subsidies and government regulations, is a reluctant dragon about this vast new credit empire, Mr. Benson dispelled himself when he commented:

"This legislative measure is of extreme importance to American farmers. It will advance the conservation of our soil and water resource, help farmers and ranchers make good use of the land diverted from the production of surplus crops, and enable many more farmers to develop irrigation systems and thus provide themselves against the hazards of drought." (Mr. Benson forgot all about the trees, of which there is no poem lovelier than).

How It Works

When a farmer applies for a loan to build up his soil, plant a tree, put in a watering pond, dig a well, run a water line out to the chicken house so he won't have to carry water, drain a field or dam up a stream, he applies to the county office of the Farmers Home Administration. He does not apply to a bank.

Farm-FHA then has to determine whether the loan will accomplish a purpose specified and approved either by the Extension Service or the Soil Conservation Service of the United States Department of Agriculture (E. T. Benson, head man). "Loans will be made only to carry out types of soil and water conservation practices that are recommended by the Extension Service and the Soil Conservation Service," quoth Benson.

First a three-man "county committee" of Farm Home-ocrats approves and then the county office of Farmers Home. Then and only then does the little question of money come up.

No loan, Mr. Benson said solemnly, will be made either by the government from its own funds or through the "insurance system" unless a farmer is refused such accommodation on reasonable terms by a bank or a Farm Credit Administration agency.

This ponderous dicta should not operate to keep business away from the Benson Agricultural Nation-wide Branch Bank. That is suggested by the fact that before the advocates of easy money for soil conservation loans in 1954 successfully pushed the oblique legislative approach through the Committee on Agriculture, they tried unsuccessfully in 1953 to get banks authorized by amendments before the House Banking Committee to do what by law they cannot now do.

The handicap institutions using other people's money have in meeting this competition, is further evidenced by the fact that the loans CAN run to the useful life of the improvement, if not over 20 years for individuals, or 40 years for cooperatives, and CAN run to 100% of the cost.

Avoids Credit Judgment

Once the government has approved the loan, then a local bank can take the choice of advancing the funds at 4% interest, or passing up the deal. They haven't a thing to say about maturities, reliability of the borrower, the amount of the loan, or the purpose of the loan.

If they don't take the package as presented, they only can sit back and watch Ezra lay out the dough according to the terms as prescribed by Farmers Home. Then they can buy government bonds to finance Secretary Benson.

Furthermore, Farmers Home will obligingly "process" the loan and collect the instalments.

So the private lending world and the Farm Credit face a modern financial version of the soldiers' task of "theirs is not to reason why, theirs is just to do, do and die." In this case, they just shell out the money.

"Is Ideal"

One of the two or three foremost students of government lending once observed to this correspondent that the whole congeries of government "loan insurance" schemes were just tricks whereby the government could tap the nation's savings for "public" (and political) economic and financial objectives, without having to raise the money by taxes.

With none of them that can be recalled, however, is the control in the government so complete as with the new Benson Nation-wide Agricultural Credit Bank.

With neither a VA nor an FHA loan is a bank or insurance company compelled to take the loan "or else" exactly on the government's terms. About half the housing loans are conventional. For instance, despite VA and the FHA, a lender occasionally can and does ask for larger than the minimum down payment.

Furthermore, "insurance" loan statutes prescribe occasionally general purposes and objectives. If the loan for soil conservation, water facilities, or reforestation is to be made hereafter, on the other hand it must hew strictly according to the regulation as Mr. Benson approves it.

In a nutshell Mr. Benson, as he interperets the new law, has set up a closed financing system devoted exclusively to the regulatory purposes of the Department of Agriculture. It is a credit system which is entirely subordinate to the purposes of the department.

Has Been Tried Before

If the proponents of the Farm Credit Administration system are to be given any credence, the engulfing of a credit facility trained to retrieve the targets of the Agricultural Department's regulatory shots, has long been an objective of the department. And departments do not change much, even when Secretaries sound different. Farm Credit fought D of A engulfment for two decades. finally were made an independent of the department.

And one year after Congress made them independent, the department said, in effect, "Oh, to heck with it. We'll get our own credit system."

So while Mr. Benson was enthralling every one with the magic flexible support trick and almost no one was paying attention to anything else, he got from Congress a scheme to dip the department's hands into the nation's savings via the new Farmers Home loan "insurance" system.

Help Surplus?

Mr. Benson infers that this wonderful bank of his will help the problem of huge agricultural surpluses by financing the substration of land from production of surpluses to production of a higher reserve of more productive soil. So it might, until several years hence farmers will be busting a gut to cash in on the production on this improved land, and a demagogue comes along to promise them freedom. Meanwhile, the arid land farmers, to the extent they get help under this program for irrigation works, will help merrily to keep production of surpluses up.

Chronologically, the impetus for this vast expansion of agricultural credit did in fact come from Congress, including a majority of the conservative Republicans and Democrats. They did originate the idea, as something offering a blessing to their constituents.

Secretary Benson, however promulgated the statement keeping the powers, only generally defined by Congress, under the close control which the department will retain over this business.

It is believed that Mr. Benson, like any man immersed in a difficult and acute problem, probably saw what a tremendous help this lending program would give in diverting land from production of surplus commodities to soil building.

In the process, however, of reaching this ideal (?) solution, the government will be able to strengthen its regulatory hold upon agriculture. It will be easier to hold down production if the department can offer subsidized credit as the alternative.

So in reaching for a solution, the conservatives in Congress have vastly enhanced the power of government planning over agriculture. The original $25-million allowance for "insured" loans obviously is only a foot in the door starter.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ

"Yes, I know we advertised for raw material but — —"